

12-15
CON 12-15
Doc # 2179

LAW OFFICES

SHOOK, HARDY & BACON LLP

GENEVA
HOUSTON
KANSAS CITY
LONDON
MIAMI

84 CORPORATE WOODS
10801 MASTIN, SUITE 1000
OVERLAND PARK, KANSAS 66210-1671
TELEPHONE (913) 451-6060 ■ FACSIMILE (913) 451-8879

NEW ORLEANS
OVERLAND PARK
SAN FRANCISCO
TAMPA
WASHINGTON, D.C.

July 15, 2002

VIA FACSIMILE & REGULAR MAIL

David L. Wornson, Esq.
Attorney, Iowa Department of Natural Resources
502 East 9th Street
Des Moines, Iowa 50319

Re: Council Bluffs Former Manufactured Gas Plant (FMGP)

Dear Mr. Wornson:

On behalf of Aquila, Inc. ("Aquila"), formerly known as UtiliCorp United Inc., this responds to your letter of April 24, 2002. Thank you for your consideration in extending the time for this response to July 15, 2002. UtiliCorp United Inc. changed its name to Aquila on March 18, 2002.

The Department specifically requested that Aquila provide a description of the ownership and corporate history with respect to this site. In your letter of April 24, 2002, you state that, "[b]ased on some preliminary research of corporation history, Aquila, Inc. appears to be the successor to the Peoples Natural Gas Company, Northern Natural Gas Company and Council Bluffs Gas Company all of which owned and operated the FMGP." This is not correct.

On September 13, 1985, Aquila purchased the assets of the Peoples Natural Gas division of HNG/InterNorth, Inc. HNG/InterNorth, Inc. changed its name to Enron Corp. on April 10, 1986. A copy of the relevant portions of the 1985 Asset Purchase Agreement is enclosed. (Tab A). Aquila purchased only certain assets of a corporation that continued in existence for many years following the purchase. It is well settled that a corporation that purchases the assets of another corporation assumes no liability for the transferring corporation's debts and liabilities, unless specific language in the agreement or an established exception to the general rule applies. *See, e.g., Pancratz v. Monsanto Co.*, 547 N.W.2d 198, 200 (Iowa 1996).

DATE STAMP

2002 JUL 17 P 2:09
DEPT. OF NATURAL RESOURCES

The specific language of the 1985 Asset Purchase Agreement excludes MGP-related liabilities from the specific liabilities assumed by Aquila. The Specified Liabilities that Aquila agreed to assume under the terms of the 1985 Asset Purchase Agreement are set out in Schedule M of the Agreement. The Specified Liabilities do not include MGP liabilities.

In addition, the Agreement included certain indemnity obligations, and the parties executed an Assumption Agreement. *See* § 4.6(b) (Indemnification by Buyer) and Exhibit 6 (Form of Buyer's Assumption Agreement) (Tab A). In both the Indemnification and the Assumption Agreement Aquila agreed only to indemnify the Seller (Enron) for "liabilities or obligations with respect to all lawsuits, claims, demands, actions or suits, losses, costs or damages ***that are not recorded as liabilities on Seller's accounting books and records at Closing***"

MGP-related liabilities were included as liabilities in Enron's records as of the time of the closing of the 1985 transaction, as evidenced by Schedule J to the 1985 Asset Purchase Agreement. Schedule J lists litigation and other liabilities and specifically includes "Manufactured Gas Plant Sites." As "Manufactured Gas Plant Sites" were included in Enron's records at Closing as a liability, the indemnification and Assumption Agreement do not apply to those liabilities.

Therefore, Aquila disagrees with the Department's statements that it is a "successor" to Peoples Natural Gas Company, a division of InterNorth, Northern Natural Gas Company, and Council Bluffs Gas Company; that it is a "primary responsible party" for conducting further remedial response; or that it is a successor to an actual "operator" of the Council Bluffs FMGP. Neither Aquila nor any of its predecessors, operated the Council Bluffs MGP or caused the existence of a hazardous condition at the site.

Pursuant to Iowa Statute Section 455B.392, a party is only liable to the state or any other person for cleanup costs that are incurred "as a result of the failure of the person to clean up a hazardous substance involved in a hazardous condition ***caused by that person.***" (emphasis added) The Iowa Supreme Court has held that, in light of this language, any order by the Department "requiring implementation of a remedial action plan to abate or eliminate the soil or groundwater contamination must be limited to the extent of contamination caused by each" party. *Blue Chip Enterprises v. Iowa Dep't of Nat. Res.*, 528 N.W.2d 619, 624 (Iowa 1995).

In addition to requesting further "remedial response," the Department in its April 24, 2002 letter mentions further site investigation. As the current owner of a portion of the former MGP property, Aquila will work cooperatively with the Department and looks forward to further discussions. However, Aquila already has performed extensive investigation and characterization of the site under an Administrative Order on Consent

dated September 30, 1993 with EPA Region VII. Therefore, Aquila questions whether additional investigation and characterization of the site is necessary or helpful for the ultimately responsible parties to prepare a response.

If there is additional investigation or characterization that the Department would like to perform, in light of the fact that Aquila has no liability for ultimate cleanup costs because it never operated the MGP, Aquila urges the Department to involve the parties primarily responsible at this stage. To aid the Department, Aquila provides below its research regarding the operational and corporate history of the Council Bluffs FMGP.

On October 10, 1889, the property was sold by George F. Wright to the Council Bluffs Gas Light Company. *See October 10, 1889 Warranty Deed from George F. Wright and wife Ellen E. and Joel Eaton, unmarried to The Council Bluffs Gas & Electric Light Company* (Tab B). On October 10, 1889, the MGP property was transferred to the Council Bluffs Gas & Electric Light Company. *See October 10, 1889 Warranty Deed from George F. Wright and wife Ellen E. and Joel Eaton, unmarried to The Council Bluffs Gas & Electric Light Company* (Tab B). The Council Bluffs Gas & Electric Light Company was liquidated in bankruptcy in 1898, and the property was transferred in that year by the Master Commissioner to Frank T. True. *See December 17, 1898 Master's Deed from Lewis W. Ross, Master Commissioner to Frank T. True* (Tab C). On January 4, 1899, Frank and Anna True deeded the property to Council Bluffs Gas & Electric Company. *See January 4, 1899 Special Warranty Deed from Frank T. True and wife Anna C. to The Council Bluffs Gas & Electric Company* (Tab D).

From 1899 through 1928, the MGP was operated by predecessors to the Omaha Public Power District ("OPPD"). On November 13, 1900, the Citizens Gas & Electric Company was incorporated in New Jersey. *See Moody's Public Utility Manual* (hereinafter "*Moody's*"), 1922 (Tab E). On December 24, 1900, the Council Bluffs Gas & Electric Company leased the MGP property to Citizens Gas & Electric Company of Council Bluffs for a period of 99 years. *See December 24, 1900 lease from Council Bluffs Gas & Electric Company to Citizens Gas & Electric Company, Council Bluffs* (Tab F).

In 1903, the Omaha Electric Light & Power Company acquired control of both Citizens Gas & Electric Company of Council Bluffs and of New Omaha, Thomson-Houston Electric Light Company. *See Moody's, 1914* (Tab G); *See also* Omaha Public Power District's web site at www.oppd.com/whoweare/earlyyrs.htm. On January 15, 1904, Council Bluffs Gas & Electric Company deeded the MGP property to Citizens Gas & Electric Company of Council Bluffs. *See January 15, 1904 Deed from Council Bluffs Gas & Electric Company to Citizens Gas and Electric Company* (Tab H). At that same time, the Council Bluffs Gas & Electric Company was merged into Citizens Gas & Electric Company of Council Bluffs. *See Moody's, 1922* (Tab E).

On April 23, 1917, the Nebraska Power Company was incorporated as the successor to the Omaha Electric Light & Power Company, the parent company of Citizens Gas & Electric Company of Council Bluffs. *See Moody's, 1918* (Tab I). The Nebraska Power Company continued to operate Citizens Gas & Electric Company of Council Bluffs as its subsidiary.

On June 1, 1928, the Citizens Gas & Electric Company sold the MGP property to Council Bluffs Gas Company. This was an asset purchase that did not provide for the assumption of any liabilities by the purchaser, Council Bluffs Gas Company. *See June 1, 1928 Agreement between Citizens Gas & Electric Company of Council Bluffs and Council Bluffs Gas Company* (Tab J). Subsequent to that sale, the Citizens Gas & Electric Company changed its name to Citizens Power & Light Company. *See Moody's, 1945* (Tab K). On June 1, 1937, the Citizens Power & Light Company was merged into the Nebraska Power Company. *See Moody's, 1945* (Tab K).

On December 26, 1944, the Omaha Electric Committee, Inc. purchased all of the outstanding stock of the Nebraska Power Company. In 1945, the OPPD was formed, and in 1946 the OPPD purchased the Nebraska Power Company from the Omaha Electric Committee. *See Omaha Public Power District v. O'Malley*, 216 F.2d 764, 767 (8th Cir. 1954). In that transaction, OPPD "assumed and agreed to pay all of the obligations of the Nebraska Power Company." *Id.*

From 1928 through 1932, when MGP operations ceased, the plant was operated by the Council Bluffs Gas Company. During this period of time, the Council Bluffs Gas Company initially was controlled by Union Utilities Inc. *See Moody's, 1929* (Tab L). On October 1, 1929, all of the stock of the Council Bluffs Gas Company was transferred to Lone Star Gas Corporation. *See Moody's, 1944* (Tab M). Lone Star Gas Company was incorporated on December 11, 1942, as the successor to Lone Star Gas Corporation. *See Moody's, 1944* (Tab M). Lone Star Gas Company changed its name to ENSERCH Corporation on October 10, 1975. In 1997, ENSERCH Corporation merged with Texas Utilities, which changed its name to TXU Corp. in 1999. *See* www.txucorp.com/about/history.com

In addition to the owners and operators described above, two other potentially responsible parties exist. First, at the time that Nebraska Power Company was incorporated in 1917 to be the successor to Omaha Electric Light & Power, Nebraska Power Company was owned and controlled by American Power & Light Company. *Moody's, 1928* (Tab N). American Power & Light Company was a subholding company subsidiary of Electric Bond & Share Company. *See American Power and Light Co. v. Securities and Exchange Comm'n*, 141 F.2d 606 (1st Cir. 1944). The court in this case found that "it is clear and undisputed that Bond & Share controls American . . . , and that such control pervades the whole of these subholding company systems in a most

David L. Wornson, Esq.
July 15, 2002
Page 5

SHOOK, HARDY & BACON LLP

comprehensive manner. *Id.* at 615. American Power & Light Company was dissolved in 1946. In 1968, Electric Bond & Share Company changed its name to Ebasco Industries, Inc. In 1969, Ebasco Industries was merged into Boise Cascade Corporation.

Also, in the late 1960s the Iowa Department of Transportation ("IDOT") obtained a right of way through the site for construction of Highway 192. In the early 1970s, during the construction of the highway, it appears that IDOT may have punctured an underground gasholder. (Tab O).

As mentioned, Aquila looks forward to future discussion and encourages the Department to involve the parties responsible for MGP operations at this stage.

Please feel free to contact me with any questions.

Very truly yours,



Jane E. Schilmoeller

JES:pjh
Enclosures (via regular mail)

cc: Michael Leat
Ivan Vancas
Tracy Peterson
Gene Russell
Bob Beck
Ed Clement

AGREEMENT TO NEGOTIATE

WHEREAS, InterNorth, Inc. ("Seller") and UtiliCorp United Inc. ("Buyer") have this date entered into a Purchase Agreement whereby Seller shall sell and Buyer shall buy the assets of Peoples Natural Gas Company ("PNG"), an unincorporated division of Seller;

WHEREAS, the Purchase Agreement requires as a condition precedent to Closing that all required state regulatory commission approvals and other specified approval be obtained;

WHEREAS, some but not all of the required approvals may have been obtained by April 1, 1986; and

WHEREAS the Parties desire to cause Closing on all Purchased Assets in jurisdictions that have received the necessary approvals;

NOW, THEREFORE, FOR GOOD AND VALUABLE CONSIDERATION, THE RECEIPT OF WHICH IS HEREBY ACKNOWLEDGED, the Parties agree as follows:

1. That each respective Party will negotiate in good faith to supplement by amendment (the "Amendment") the Purchase Agreement to provide for a partial Closing, if necessary, as of April 1, 1986 with respect to those Purchased Assets situated in jurisdictions wherein no approvals are required or wherein the requisite approvals have been obtained.

2. That the Amendment shall contain provisions for allocation of Purchase Price, revenues, earnings, use of personnel, operations of the Purchased Assets until such time as Closing with respect to all of the Purchased Assets has occurred and such other terms as the Parties may mutually agree upon.

3. That, upon execution of the Amendment, the termination date set forth in Section 7.11(b) shall be amended to January 1, 1987 from April 1, 1986.

4. That nothing in this Agreement shall require the Parties to agree upon the Amendment notwithstanding the obligation herein to negotiate in good faith for the Amendment.

5. This Agreement shall be interpreted in accordance with the laws of the State of Nebraska.

6. The terms defined in the Purchase Agreement of even date herewith between Seller and Buyer and otherwise not defined herein are being used as defined terms.

DATED this 13th day of September, 1985.

ATTEST:

William C. Carty
DEPUTY CORPORATE SECRETARY

SELLER
INTERNORTH, INC.

BY

R. L. Cline

BUYER
UTILICORP UNITED INC.

BY

Richard C. Healy

AGREEMENT

THIS AGREEMENT, dated as of September __, 1985, entered into by and among InterNorth, Inc., a Delaware corporation, d/b/a HNG/InterNorth, having an office at 2223 Dodge Street, Omaha, Nebraska 68102 (herein "Seller"), and UtiliCorp United Inc., a Missouri corporation, having an office at 10700 350 Highway, Kansas City, Missouri 64138 (herein "Buyer").

WITNESSETH:

PART ONE:

SUBJECT MATTER OF THE AGREEMENT: DEFINITION
AND RULES OF CONSTRUCTION

1.1 Subject Matter. The subject matter of this Agreement is (i) the sale to Buyer of the assets of Seller's Peoples Natural Gas Division (hereafter "PNG") which is engaged in the business of purchasing and reselling natural gas in the states of Minnesota, Iowa, Nebraska, Kansas, Colorado, South Dakota and Michigan; (ii) the sale to Buyer of all the issued outstanding capital stock of PeopleService, Inc., a Delaware corporation (hereafter "PSI"); (iii) the execution and delivery of a certain agreement not to compete; (iv) the execution and delivery of a certain service agreements by and between Seller and Buyer

(c) Other Agreements. References herein to any agreement or other instrument shall, unless the context otherwise requires (or the definition thereof otherwise specifies), be deemed references to the same as it may from time to time be changed, amended or extended.

PART TWO:

PURCHASED ASSETS, CAPITAL STOCK AND PURCHASE PRICE

2.1 Sale of Purchased Assets and Capital Stock. Subject to the conditions and provisions of this Agreement, Seller shall sell, assign, transfer, convey and deliver to Buyer and Buyer shall purchase, acquire and accept on the Closing Date, all of Seller's right, title and interest in and to the Purchased Assets including the tradename "Peoples Natural Gas Company" and the Capital Stock. Further Specified Other Assets shall be transferred to Buyer and Buyer shall assume Specified Liabilities.

2.2 Transfer of Purchased Assets. Seller shall deliver to Buyer at the Closing:

(a) Instruments of Conveyance and Transfer. General and specific bills of sale, endorsements, assignments, deeds and other good and sufficient instruments of transfer and conveyance for the purpose of vesting its title to the Purchased Assets in Buyer and assigning various contractual rights to Buyer, including without limitation:

1985, Balance Sheet attached as Schedule D, plus a Non Compete Payment of \$15,000,000 plus the Capitalization of PSI (collectively the "Purchase Price"). The Net Assets shall be the sum of Net Plant plus Current Assets plus Specified Other Assets plus Specified Other Current Assets minus Specified Liabilities. The Purchase Price shall be allocated among the properties comprising the Purchased Assets as part of a closing memorandum unless Buyer and Seller are unable to agree on such allocation in which case no such memorandum shall be prepared. /

2.6 Agreement Not to Compete. Seller shall execute and deliver to Buyer at Closing an agreement not to compete in the form of Exhibit 9 hereto.

2.7 Assumption of Liabilities and Obligations. Buyer shall execute and deliver to Seller at Closing an assumption agreement in the form of Exhibit 6 hereto.

2.8 Administration Service Agreement and Service Agreements. The Parties shall execute and cause delivery at Closing an administration service agreement and service agreements in the form of Exhibits 7 and 8 hereto.

2.9 Payment of Purchase Price. Payment of the Purchase Price shall be made as follows:

(a) Closing Payment. On the Closing date Buyer shall pay to Seller the estimate of the Purchase Price less the amount received by Seller pursuant to the Earnest Money Agreement ("Closing Payment"). Such estimate shall be determined jointly within 5 days prior to the Closing Date

by a representative designated by Buyer and a representative designated by Seller. A statement setting forth such estimate and signed by both representatives shall be delivered to Buyer and Seller as soon as such estimate is made. The estimate shall include estimates of Net Plant, Current Assets, Specified Other Assets, Specified Other Current Assets, Specified Liabilities as of the Closing Date and Capitalization and supported by a list of correct descriptions (including backup documents to the extent available). For purposes of valuing inventory, each category of inventory shall be valued in accordance with generally accepted accounting principles consistently applied by PNG except for gas stored underground (Account No. 164.12), liquefied petroleum gas (Account No. 151.13), materials and supplies (Account No 154.23) and miscellaneous parts which shall be valued at fair market value.

(b) Delivery of Balance Sheets. At least 15 days prior to the Adjustment Date, Buyer shall cause the delivery to Seller of the Balance Sheet and the PSI Balance Sheet which shall be prepared with Seller's participation and will make available to Seller (to the extent not previously made available) supporting documentation containing the updated lists and complete description of all Net Plant, Current Assets, Specified Other Assets, Specified Liabilities, Specified Other Current Assets and Capitalization as of the Balance Sheet Date. As soon as practical after the Balance Sheet and the PSI Balance Sheet

have been delivered to Seller, a representative designated by Buyer and a representative designated by Seller shall calculate the amount due Buyer or Seller, as the case may be, on the Purchase Price after taking into account the Closing Payment and the payment made pursuant to the Earnest Money Agreement. A statement setting forth such calculation and signed by both representatives shall be delivered to Buyer and Seller as soon as such calculation is made. Buyer shall be permitted to review the accounts of the balance sheet set forth in Schedule D.

(c) Resolution of Disputes. Should Buyer or Seller dispute any portions of the Purchase Price, provided for under Section 2.5 including the accounts set forth in the balance sheet set forth in Schedule D, and such dispute cannot be resolved by the Parties, such dispute shall, at the earliest practicable date, be referred by either or both of the Parties to a nationally recognized independent public accounting firm (the "Accounting Firm"), selected by Arthur Andersen & Co., along with workpapers, schedules and calculations related to the matter in dispute. Within 25 days after receipt of all materials related to the matter in dispute, the Accounting Firm shall issue a letter report as to the proper amount of the matter in dispute. Such determination by the Accounting Firm shall be conclusive as to all matters referred. Any fees and expenses incurred in

consideration, execute and deliver such other instruments of sale, transfer, conveyance and assignment and take such other action as the Party making the request may require more effectively to transfer, convey and assign to and vest in Buyer, all right, interest and title of Seller to the Purchased Assets.

4.5 Sales, Use and Transfer Taxes. Buyer shall pay all sales, use and transfer taxes that may be due in connection with the transaction and hereby indemnifies Seller for any claim, including interest and penalties made against Seller for such taxes.

4.6 Indemnification.

(a) By Seller.

(1) From and after the Closing, Seller shall fully and promptly pay, perform, discharge, defend, indemnify and hold harmless Buyer, any Affiliate of Buyer and their respective directors, officers and employees from all claims, demands, actions or suits, losses, costs or damages and expenses (including reasonable attorney fees) made against or incurred by Buyer, its Affiliates and their respective directors, officers and employees resulting from all liabilities or obligations arising out of any operations conducted, commitments made, taxes due or unpaid or any action taken or omitted with respect to (i) claims for or awards of punitive or similar damages arising out

of the conduct of PNG prior to Closing; (ii) claims for or awards of amounts which, in whole or in part, have been included in a rate case, for expense and/or rate base treatment as appropriate with an appropriate regulatory commission or municipality and for which final regulatory approval has been given or received but only to the extent that Seller has received payment or reimbursement prior to Closing for such claim or award and to the extent that the Purchase Price has not been reduced by Specified Liabilities as set forth in Schedule M; (iii) claims or awards insured by a party not an Affiliate of the Seller only to the extent that there is actual dollar coverages and no retrospective premium adjustment or properly reserved for by Seller (Seller's Account Nos. 228.13, 228.23, and 228.24) prior to Closing on the books of Seller; (iv) federal and state income tax obligations and liabilities applicable to the period prior to Closing; and (v) the sale of the Purchased Assets and the Capital Stock to the extent any of the foregoing results in a breach by the Seller of any representation, warranty, or covenant made in the Agreement.

(2) Notwithstanding Section 4.6(a)(1), from and after Closing, Seller shall pay all reasonable costs and expenses, including attorney fees, reasonably

incurred by Buyer to purchase or condemn easement rights (except for costs associated with assignments of Indian tribal grants of right of way) if (i) such rights were to have been assigned under this Agreement, but which Seller ultimately was unable to convey good and marketable title thereto for any reason, and (ii) such rights were used in, and necessary for, the operation of the purchased Assets as of the Closing Date; provided, however, that in no event shall Seller's obligation to indemnify under this subparagraph (2) mature or become effective unless Buyer first shall have applied diligently and legitimately in the course of a general rate case for expense and/or rate base treatment, as appropriate, of such costs and expenses before the appropriate public service commission or municipality, and unless such treatment shall have been denied by final order of the appropriate commission or municipality.

(b) By Buyer. Except for any obligation of Seller under Section 4.6(a) and in addition to Buyer's assumption of all Specified Liabilities, from and after Closing, to the extent that Seller is not indemnified or held harmless by a party who is not a Party to this Agreement who is financially responsible, Buyer shall fully and promptly pay, perform, discharge, defend, indemnify and hold harmless Seller, any Affiliate of Seller and its respective directors, officers and employees from all claims, demands,

actions or suits, losses, costs or damages and expenses that are not recorded as liabilities on Seller's accounting books and records at Closing (including reasonable attorney's fees) and that are made against or incurred by Seller, its Affiliates and their respective directors, officers and employees resulting from all liabilities or obligations arising out of any operations conducted, commitments made, taxes due or unpaid except for federal or state income tax obligations or liabilities applicable to the period prior to Closing or any action taken or omitted with respect to (i) the Purchased Assets (including the business operations, transactions or conduct of the business directly or indirectly related thereto) whether such obligations or liabilities arise before or arise after Closing; and (ii) the sale of the Purchased Assets and the Capital Stock to the extent any of the foregoing results in a breach by the Buyer of any representation, warranty, or covenant in this Agreement.

(c) Notice of Claim. Promptly following the receipt by the Buyer of any claim, demand, action or suit, loss, cost, damage or expense, which is subject to the provisions of Section 4.6 ("Action"), Buyer shall give written notice of such Action to Seller hereto accompanied by copies of any written documentation with respect thereto received by Buyer and stating the basis upon which indemnification is

being sought pursuant to this Agreement. Following receipt of notice of an Action by Seller, the Seller shall notify Buyer in the same manner. Such notice shall constitute a claim for indemnification hereunder (the "Claim").

(d) Defense of Action. Seller or Buyer, as the case may be, shall have the right at its option, to compromise or defend, at its own expense and with its own counsel, any Action with respect to which they receive a Claim. The Party making the Claim shall have the right, at its option, to participate in the settlement or defense of any such Action, with its own counsel and at its own expense, but the recipient of the Claim shall have the right to control such settlement or defense. The Parties agree to cooperate in any such defense or settlement and to give each other reasonable access to all information relevant thereto. The Parties will similarly cooperate in the prosecution of any claim or lawsuit against any third party. In the event that the recipient of a Claim fails to notify the Party making the Claim of its intent to take any action within 20 days after receipt of a Claim, the Party making the Claim without waiving any rights to indemnification hereunder may defend such Action and shall have the right to enter into any good faith settlement thereof without the prior written consent from the recipient of the Claim.

(a) The mutual written consent of Seller and Buyer; or
(b) Should Closing fail to occur on or before April 1, 1986; provided, however, that Seller at its sole election may extend the said April 1, 1986 termination date by up to eight (8) additional months; provided further, however, that any termination pursuant to this Section 7.11(b) shall not relieve either Party of any liability to the other Party for its willful breach of the provisions hereof occurring before such termination, it being understood and agreed that, if all of the conditions to a Party's obligations set forth in Part Five have been satisfied or waived by the Closing Date, the failure of such Party to perform such of its obligations as would be required to close on such date shall be deemed to be a willful breach by such Party.

7.12 Survival on Termination. The obligations set forth in Sections 4.2 and 4.3(b) shall survive the termination of this Agreement.

IN WITNESS WHEREOF, the Parties hereto have entered into the Agreement as of the date first hereinabove written.

SELLER
INTERNORTH, INC. d/b/a
HNG/INTERNORTH

Attest:

By

William Cartney
Deputy Corporate Secretary

By

R. L. Chaud

BUYER
UTILICORP UNITED INC.

Attest:

By

Assistant Secretary

By

Richard C. Mooney

SCHEDULE J

LITIGATION

- (1) PNG v. N-ReN
 - Minnesota District Court, Case No. 96196
 - Suit was filed on August 12, 1983
 - This is a suit for breach of contract against a large volume firm customer in Minnesota. This customer owes Peoples approximately \$1 million.
 - Peoples has reached agreement to settle the case for \$250,000. The settlement will involve monthly payments and interest at 9%. Peoples has prepared and forwarded to N-ReN's counsel a draft of a Settlement Agreement. Two letters and several phone calls to N-ReN's counsel have gone unanswered.
- (2) Manchester Pipeline Co. v. Peoples
 - Federal District Court in Oklahoma City, Case No. CIV-85-758
 - Suite was filed on March 28, 1985
 - This is a suit claiming breach of contract as a result of Peoples' negotiations to buy a package of gas from Oklahoma for Peoples' KPL System. Demand is for \$6,220,231, plus punitive damages.
 - Settlement discussions are continuing. The depositions scheduled for July 25 were cancelled under the belief a settlement would be reached soon.
- (3) Mabel Dornack/Richard Fryer v. Peoples
 - District Court, Olmstead County, Minnesota
 - Filed August 17, 1984
 - Richard Fryer, the homeowner, filed this action claiming damages exceeding \$50,000 to his rental property as a result of an explosion and fire which occurred on January 18, 1984. His aunt, Mabel Dornack, died as a result of injuries received in the fire and her estate now claims damages of approximately \$75,000. Settlement evaluations and discussions are continuing.
- (4) Spinett v. PNG
 - District Court, Dodge Co., MN.
 - Filed August 24, 1981
 - \$243,000 verdict vs. PNG for its share of \$347,750 damages for negligence claims after fire damage. Peoples' motions for new trial or JNOV were argued on March 8, 1985, and were denied April 22, 1985. Peoples' has decided to take an appeal of this verdict.

- (5) Joshua Akans v. InterNorth
- U.S. District Court, District of Kansas
 - Filed January 6, 1981
 - This wrongful death action alleges that Peoples was negligent in inspecting or failing to inspect the plaintiff's residence and gas appliances when service was initiated in November 1978. Plaintiff's parents and sister died as a result of carbon monoxide poisoning, and plaintiff's claims to have suffered residual brain damage. Plaintiff's proffered pretrial conference order claims damages in the amount of \$11,235,587, including \$5,000,000 in punitive damages. Discovery is nearly completed and a trial date will be set within the near future.
- (6) Consolidated Storage, Inc. v. Peoples, et al.
- District Court, Reno County, Kansas
 - Filed March 25, 1985
 - The petition alleges that Peoples breached gas sale contract express or implied warranties of merchantability and fitness which caused an explosion on or about February 24, 1983, resulting in property damages of \$75,655.18. The petition was originally filed in October 1984 against Caterpillar Tractor and others. Peoples has placed an answer on file denying the claim and raising as a defense certain contractual indemnification language. Favorable testimony was elicited during depositions and there is a good possibility Peoples will be released from the suit.
- (7) James A. Neely v. Peoples (New)
- U.S. District Court, Southern District of Iowa, Western Division
 - Filed May 6, 1985
 - Plaintiff, a black, has filed a class action, alleging that his discharge from employment as a service specialist was racially motivated. Plaintiff claims lost wages and benefits and injunctive relief. The Council Bluffs Human Relations Department, Iowa Civil Rights Commission, and Equal Employment Opportunity Commission previously issued findings of no probable cause. Plaintiff failed to appear for his deposition set for August 9, 1985. The deposition will be reset in the near future.
 - Local counsel: Bob Broom
 - Plaintiff's counsel: Jarve Garrett / Alfonzo Whitaker

(8) Bonnie Hanson, et al. v. InterNorth, Inc., Peoples and Northern

- District Court, Pine County, Minnesota
- Filed October 17, 1983
- Wrongful death and property damage action arising from an explosion and fire at a residence in Pine City, Minnesota on November 14, 1980. The house was occupied by Mrs. Violet Yost, who was badly injured and died the same day. Plaintiff Hanson is trustee for Mrs. Yost's heirs. Seven other plaintiffs in the case are owners of property damaged by the explosion. The suit seeks unspecified damages "in excess of \$50,000." Petition alleges, among other things, that Peoples was negligent in installing a gas dryer and in failing to inspect and maintain gas appliances in the house. Discovery is proceeding.
- Local counsel: Paul Schweiger
- Plaintiff's counsel: Clint Grose

(9) Marlin Oil Company v. Peoples

- U.S. District Court, Denver
- Filed February 1985
- The plaintiff, a producer in the Clyde Field in Colorado, claims \$8 million--\$4 million in compensatory damages and \$4 million in punitive damages--for Peoples' asserted failure to honor take-or-pay obligations under a gas purchase contract.

Peoples filed a motion for partial summary judgment to eliminate the punitive damages claim, which appears not to be allowable in contract cases under Colorado law. It is anticipated that the case will not come to trial either in 1985 or 1986.

The interpretation of well-testing performed early in June supports Peoples' conclusion that no deficiency payments accrued in 1985 or earlier. The test results and interpretation have been conveyed to counsel for Greeley Gas Company ("Greeley"). Greeley, purchaser of our Lamar District, has agreed to take responsibility for the compensatory damages and Peoples has agreed to take responsibility for any punitive damages.

Peoples has offered \$100,000 to settle the case and Greeley has informally indicated to Marlin a willingness to offer \$200,000. Marlin's informal demand has risen to \$1.25 million from \$750,000.

- Plaintiff's attorney: Gregory Stutz, Denver
- Peoples' attorney: Tom Stifler, Colorado Springs

(10) The Hanna Mining Company v. Peoples and
Erie Mining Company and Hibbing-Taconite
Joint Venture v. InterNorth

- District Court of St. Louis County, Minnesota
- Filed April 1985 and June 1985
- These suits are companions to the taconite refund case (see below). Hanna seeks damages of \$3.1 million for asserted overcharges during the period 1-1-75 through 2-28-81. In response to Peoples' motions to dismiss and for partial summary judgment, the Court ruled in late June that damages, if any, were only recoverable for the period after 3-8-79, barring 4 years' worth of the claim. However, the Court concluded over Peoples' objection that a right does exist to sue in court (as opposed to administrative actions only) for the civil wrong of "unreasonable rates."

Hanna sought discretionary review of the partial summary judgment from the Court of Appeals. On August 6, such review was granted.

In reaction to the Supreme Court's decision in the taconite refund case, Hanna amended its complaint to claim damages for asserted overcharges during the period 3-1-81 to 2-9-82.

At the end of June, Erie-Hibbing sued in the same Court for asserted overcharges for the period 6-30-79 to 2-9-82, which includes the time spent involved in the taconite refund case. No specific amount is asked.

Peoples' answers to the Erie complaint and Hanna's amended complaint were filed with the Court on July 25. The answers deny liability generally and set up the affirmative defenses of limitation of actions, preemption of remedies, and collateral estoppel.

- Attorney for Hanna: Lawrence G. Acker, Washington, D.C.
- Attorney for Erie: Robert S. Lee, Minneapolis
- Peoples' attorney: Elmer B. Trousdale, St. Paul

(11) Arneson v. Blankenbaker v. Peoples

- U.S. District Court, Denver
- Filed: 1983
- This wrongful death action was tried to a verdict last November. The case arose from a carbon monoxide poisoning incident in Fountain, Colorado on February 10, 1982, that took the life of a young soldier. His survivors sued Peoples and the owners of the apartment complex alleging negligence, and seeking \$2 million in damages. The pleadings alleged that a Peoples service specialist failed to replace the doors to the furnace after a routine service call.

The jury found Peoples not negligent. The co-defendants, owners and managers of the apartment building, were found negligent. The verdict amounted to \$832,000 with interest.

The verdict exceeded the insurance policy limits of the co-defendants. Their carrier, State Farm, settled the principal case and a bad-faith claim and made demand upon Peoples for payment of \$125,000 under a pre-trial settlement and verdict agreement under which Peoples was to contribute 1/3 of any amount up to \$375,000. The funds have been forwarded and a request for reimbursement made to Peoples' excess insurance carriers.

Threatened Actions

(1) Explosion of Telephone Exchange Building in Hanlontown, Iowa

- On April 8, 1985, an explosion occurred in Hanlontown, Iowa, completely destroying the Winnebago Cooperative Telephone Company. Damage to the building and contents is currently valued at approximately \$200,000. There were no injuries. The reports of the Iowa State Commerce Commission and State Fire Marshall indicate that the most probable cause of the explosion was the escape of natural gas from a 1-1/2" PVC gas main owned by Peoples in the alley east of the phone company building. The reports indicate that the break in the main was most likely the result of stress on the main close to a service line tee connection. A complete investigation was performed on behalf of Peoples by Darryl Isaacson, local counsel in Mason City, Iowa. On July 2, 1985, Mr. Isaacson received a letter from an adjuster representing Federal Rural Electric Insurance. The letter contains a claim that Peoples is "partially" at fault. There is some evidence that the stress fracture of the pipe was a result of recent excavation in the city for water main construction. No formal demand has been made to Peoples.

(2) Illa Jarrard

- A fire occurred at 1902 Avenue F, Council Bluffs, Iowa, on February 9, 1985, claiming the life of Illa Jarrard. Indications are that the fire originated above either of the two furnaces in this duplex structure. Representatives of the estate of Mrs. Jarrard have contacted Peoples requesting records of the gas company. This request has been denied.

- (3) Robert T. Cosgriff
- The Cosgriff residence at 27 Scarlet Oaks Road, Council Bluffs, Iowa, was destroyed by fire on March 1, 1984. Mr. Cosgriff's 16-year-old daughter died as a result of injuries she received in the fire. Peoples' investigation indicated that its facilities were sound. However, Mr. Cosgriff has requested an examination of the gas meter used to serve his residence. Peoples has responded indicating that with advance notice Mr. Cosgriff may inspect the meter at Peoples' meter shop.
- (4) Blain and Marcella Keiser
Amount of claim: \$3,740.00.
Allegation: Insurer of the Keisers alleges Peoples was negligent in servicing a water heater. Peoples denied the claim in May 1985. No further correspondence has been received.
- (5) Webster City Products Company
- This customer was refunded \$83,355.30 on or about December 6, 1984 for overbilling during the period of April through September 1984. JRT provided management with a memo concerning Peoples obligation to pay interest, and management is considering the customers request for interest on the refund.
- (6) Geraldine Engler
- Amount of claim: \$897.36
- Allegation: Insurer of Mrs. Englers claims a water heater valve malfunctioned damaging the insured's residence. Peoples has denied the claim.
- (7) Alma Ballard
- Peoples received a demand letter on May 8, 1984, on behalf of the estate of Alma Ballard. Mrs. Ballard died on March 5, 1984, allegedly from carbon monoxide poisoning. Peoples denied the claim and have received no response for over one year.
- (8) Scott Helgeson
- This residence was destroyed by explosion and fire on December 22, 1983, near Lake Mills, Iowa. Testing of the customer fuel line revealed a crack in the service riser, likely caused by the customer when he replaced a regulator. Peoples denied the claim by Firemens Fund and have heard nothing for over one year.

- (9) Wesley Doughman
- Amount of claim: \$975.00
 - Allegation: Insurer of Mr. Doughman claims Peoples is responsible for water damages from a faulty water heater. Peoples has received no correspondence since December 1984.
- (10) John Steen
- This farm-tap customer experienced a fuel line leak resulting in a bill of \$5873.59. The customer has refused payment alleging the line was installed with improper materials by a third-party, but should have been discovered by Peoples. A collection action will be filed shortly on behalf of Peoples.

Other Matters

- (1) PeopleService Protection Plan
- Peoples has responded to the Kansas Insurance Department's allegation that the PSP appliance service program constitutes the unlawful sale of insurance in the state of Kansas. The Department has concluded that Peoples must inspect appliances or discontinue offering free parts. Peoples is presently reviewing options.
- (2) Manufactured Gas Plant Sites
- Mr. Talcott has attended staff meetings regarding potential liability exposure from former manufactured gas plant sites.

Rate and Regulatory

- (1) 1984 Iowa Rate Case
- The hearing examiner's proposed decision was issued June 6, 1985. The Rate Department has calculated the result of his ruling would be a \$1.6 million increase.
 - The Commission has affirmed the hearing examiner's order, rejecting both Peoples' and OCA's appeals. However, the Commission stated in its order that a rate design change may be justified and ordered Peoples to file a new cost-of-service study and proposed tariff revisions by November 18.
- (2) 1985 Kansas Rate Case
- Docket No. 147,049-U
 - Filed July 1, 1985
 - \$3.7 million increase requested.
 - A decision has been made not to amend the filing to add Lamar or request abrogation of the Cities contract.

Peoples expects both those matters to be resolved soon so that they will not have a substantial effect on the rate case. The auditors have been here for several weeks, and Peoples should soon have a report on changes they propose to the filing.

(3) Iowa Gas Procurement Filing

- The 1985 Gas Procurement and Requirement Forecast was filed July 31. The Commission ordered the addition of several matters not required for last year's forecast, i.e. a survey of furnaces and water heaters in our service territory. The filing will be docketed as a contested case and a hearing held in December for the purpose of evaluating our gas procurement practices.

(4) 1984 Iowa ACA (PGA Reconciliation)

- The Iowa Commission rejected Peoples' September 1 ACA filing, refusing to allow an adjustment to recover \$439,000 that went unrecovered during the last PGA year. Peoples requested a hearing, but the Commission denied the request. Peoples then filed a Petition for Judicial Review in Pottawattamie County District Court. At Peoples request, the Court issued a Stay of the Commission's Order pending the outcome of the judicial review proceeding. The District Court ruled in Peoples' favor and remanded the case to the Commission for hearing. However, the Commission has appealed to the Iowa Supreme Court.
- The Supreme Court overruled our motion to dismiss the Commission's appeal. Peoples' brief, in the appeal, will be filed on or before September 18.

(5) 1985 Colorado Make-Whole Case

- Advice Letter No. 384
Peoples reviewed and assisted with revisions to the advice letter which will accompany the Colorado Make-Whole filing which is planned for September.

(6) Kansas Margin Reduction Tariff

- This tariff, which would allow Peoples to reduce rates to meet competition, has been filed for approval. Peoples expects a hearing to be set where the KCC will consider approval.

(7) Iowa Transportation Tariff

- The large volume transportation tariff for Iowa was approved by the Commission.

- (8) Iowa Energy Conservation Mandatory Pilot Projects
- In Re: Peoples Natural Gas Company Pilot Program for Furnace and Boiler Replacement and Renovation. Order issued requiring modification of energy conservation and renovation. The order will be appealed by Peoples. Copy of Order is attached.
- (9) 1980 Minnesota Rate Case (Taconite Refund Case)
- Minnesota Public Utilities Commission (on appeal to Minnesota Supreme Court)
 - Filed November 30, 1980
 - The Minnesota Supreme Court ruled on June 21, 1985, that Peoples should not have been obliged to refund \$1.1 million to Hanna Mining, Erie and Hibbing Taconite as a result of non-uniform contract rates charged to them in 1981 and 1982, when interim rates were billed under bond to all other classes. The Court held that the Public Utilities Commission had no implied statutory power to award refunds, finding that refunds are incompatible with the statutory scheme of regulation of utilities in the state and are inconsistent with the statutory objective of permitting the utility an opportunity to earn the revenue requirement approved by the PUC.
- Erie Mining Company petitioned the Supreme Court for rehearing. Peoples filed a response contesting the right to rehearing. On August 13, the Supreme Court summarily denied rehearing. Peoples filed a claim for our court costs, principally for printing the brief and appendix, of \$2,004.15. Judgment for the costs was entered in our favor against Hanna and Erie/Hibbing, but not PUC, on August 13.
- (10) 1985 Minnesota Rate Case
- Minnesota Public Utilities Commission
 - Filed July 25, 1985
 - Testimony and exhibits in the new Minnesota rate case were filed. The case proposes a revenue requirement of \$159.78 million for a projected test year ending August 31, 1986, an increase of \$3.003 million over the current revenue requirement. The case requests an overall rate of return of 13.412%, including a return on equity of 16%. It is based on the adjusted actual InterNorth capital structure (excluding short-term debt incurred for the purchase of Houston Natural Gas Company) of 46.8% equity, 36.7% long-term debt, 12.4% preferred equity, and 4.1% short-term debt.

On July 26 the PUC invited comments on the acceptability of the filing. In response, the Attorney General moved to dismiss for failure to make out a prima facie case, based on the impending sale of the company, announced the same day as the filing. The Department of Public Service reserved judgment on the appropriateness of the case on the same grounds and stated its intention to scrutinize the terms of sale.

Peoples has requested an interim rate increase of \$2.184 million to be effective September 20, 1985, subject to refund.

- For Attorney General: Thomas O'Hern/Michael Bradley, St. Paul
- For DPS: James Jarvis/Mary Jo Murray, St. Paul;
- For Erie/Mining: Robert S. Lee, Minneapolis
- For PUC: Karl Sonneman, St. Paul
- For Peoples: Philip Crowley, Co. Bluffs/Elmer Trousdale, St. Paul

LITIGATION LIST

1. Peoples v. Vernon (P-349)
 - 84th Judicial District Court of Hutchinson County, Texas
 - Petition filed 4-23-79
 - Collection case
 - Prayer is \$12,900
 - Present Status
Settlement is being explored with defendant's attorney.
2. Althos Freiburger, Tom and Debbie Clinton v. Peoples (P-286)
 - District Court, Clayton County, Iowa, No. C2092-0683
 - Case commenced: 6-22-83
 - Property damage
 - Prayer is for \$45,000.
 - Present Status
Peoples has counterclaimed against A. Freiburger. Pre-trial conference is set for October 15.
3. Michael and Ann Taylor v. Peoples (P-344)
 - District Court of Martin County, Minnesota
 - Case commenced: 7-29-83
 - Property damage
 - Prayer is \$20,224.79
 - Present Status
Answer filed on 8-30-83. Discovery is continuing.
4. North American Drilling and Exploration, Inc., et al. v. InterNorth, Peoples and Northern (P-431)
 - U.S. District Court, District of Kansas, Case No. 84-1236-T
 - Case commenced: 4-27-84
 - Breach of oral and written contracts to buy gas
 - Prayer is \$4.6 million
 - Present Status
Factual investigation proceeding.
5. Julie Tolo v. InterNorth, Inc. and Peoples (P-430)
 - District Court, La Plata County, Colorado, No. 84-CV-264
 - Case commenced: 7-25-84
 - Carbon monoxide
 - Prayer is \$24,000
 - Present Status
Discovery is continuing.
6. Dennis Edgar v. F. W. Halvorson, Jerome Schultz and Peoples (P-306)
 - District Court, Dodge County, Minnesota
 - Case commenced: 4-5-83
 - Dispute between partners engaged in performing energy audits for Peoples.
 - Present Status
Discovery is proceeding.

7. Jasen LaRue v. Peoples (P-440)
 - District Court of Dubuque County, Iowa
 - Case commenced: 1-24-85
 - Personal injury
 - Prayer is "an unspecified amount"
 - Present Status
Discovery is proceeding.
8. Peoples v. The Cafaro Company (P-331)
 - District Court, Dubuque County, Iowa
 - Case commenced:
 - Peoples seeks a declaratory ruling.
 - Present Status
Discovery is proceeding.
9. Robert Rowe v. Peoples (P-323 Q)
 - Iowa Industrial Commission, No. 722500
 - Case commenced: 5-31-85
 - Workers' compensation claim.
 - Present Status
Peoples filed an answer on 6-23-85.
10. Ernest Rongish v. Peoples (P-323 R)
 - Iowa Industrial Commission, No. 722399
 - Case commenced: 3-13-85
 - Workers' compensation claim.
 - Present Status
We have responded to plaintiff's interrogatories and have supplied plaintiff with copies of medical reports and records in our file as required by the Industrial Commission.
11. Monsanto Oil Company v. Peoples (P-332)
 - District Court, Sedgewick County, Kansas, Case No. 85C-2379
 - Case commenced: 7-19-85
 - Prayer is "unspecified damages and unspecified punitive damages."
 - Present Status
Peoples will file an answer on or before 9-18-85.
12. Arnold Tool & Die Company v. Peoples
 - District Court, Pottawattamie County, Iowa
 - Case commenced: November 1984
 - Property damage
 - Prayer: \$75,000
 - Present Status
Case is inactive by agreement of parties pending issuance of federal investigative report.

Schedule M

Specified Liabilities

General Ledger Acct. No.	Description
229.13	Billings collected subject to refund
229.23	Billings collected subject to refund-offline
237.33	Interest accrued on customer deposits
237.41	Interest accrued on rate refunds
*191.40-191.48	Overrecovered (Underrecovered) purchase gas costs-
235.13	Customer deposits
242.73	Current capital lease obligations
227.13	Noncurrent capital lease obligations
242.23	Exchange gas payable
242.67	Incremental pricing - MSAC
242.75	Accrued vacations
252.13	Customer construction advances

* If item 4 of page 8 Schedule J is ultimately determined subsequent to closing to be adverse to PNG, Seller shall reimburse Buyer without interest the amount of \$439,029.00.

EXHIBIT 6

FORM OF BUYER'S ASSUMPTION AGREEMENT

WHEREAS, InterNorth, Inc. ("Seller") and UtiliCorp United Inc., ("Buyer") have entered into an agreement ("Purchase Agreement"), whereby Seller shall sell and Buyer shall buy the assets of Peoples Natural Gas Company ("PNG"), an unincorporated division of Seller; and

WHEREAS, Buyer shall assume certain liabilities and obligations of PNG;

NOW, THEREFORE, FOR GOOD AND VALUABLE CONSIDERATION THE RECEIPT OF WHICH IS HEREBY ACKNOWLEDGED, Buyer agrees that it shall assume the following obligations and liabilities of PNG and with respect to the Purchased Assets effective on the Closing Date and forever thereafter in accordance with the terms thereof:

LIST OF ASSUMED LIABILITIES

1. All contracts, leases and Authorizations of PNG.
2. All obligations arising from and after the Closing Date under any license agreements of PNG, provided the consent to assignment, if required, for the instrument has been secured.
3. The obligations with respect to employees as set out in 4.2 of the Purchase Agreement.
4. All obligations for matters arising from and after the Closing Date.
5. The Specified Liabilities as set forth in Schedule M.
6. All liabilities or obligations with respect to all lawsuits, claims, demands, actions or suits, losses, costs or damages that are not recorded as liabilities on Seller's accounting books and records at Closing (including reasonable attorney's fees) whether made against or incurred by Seller and its Affiliates and their respective directors, officers and employees arising out of any operations conducted, commitments made, products manufactured, taxes due or unpaid (except for federal and state income tax obligations or liabilities applicable to periods prior to Closing) or any action taken or omitted in respect to the Purchased Assets whether such obligations or liabilities arose before or arise after Closing except that Buyer assumes no obligation or liability (i) with respect to claims that accrue prior to Closing for or awards of punitive or similar damages, (ii) with respect to claims for awards of amounts which, in whole or in

EXHIBIT 6 (Page 2)

part, have been included in a rate case for expense and/or rate base treatment as appropriate with an appropriate regulatory commission or municipality and for which final regulatory approval has been given or received but only to the extent that the Seller has received payment or reimbursement prior to Closing for such claim or award and to the extent that the Purchase Price has not been reduced by a Specified Liabilities as set forth in Schedule M of the Purchase Agreement; and (iii) with respect to claims or awards insured by a party not an Affiliate of the Seller (only to the extent that there is actual coverage and no retrospective premium adjustment) or properly reserved for on the books of Seller by Seller (Seller's Account Nos. 228.13, 228.23 and 228.24 prior to Closing.

Buyer shall duly perform each and every obligation required by any of the foregoing referenced contracts, licenses, permits, leases, authorizations and all other such obligations referred to above and shall assume all of the liabilities referenced above.

Buyer shall indemnify and hold Seller and its Affiliates, their successors, and assigns, employees, directors and agents harmless from any claim demand, action, cause of action, damage, judgment including attorney's fees, relating to or arising out of, in any way, the assumed obligations or liabilities.

This Agreement shall be interpreted in accordance with the laws of the State of Nebraska.

The terms defined in the Purchase Agreement and otherwise not defined herein are being used as defined therein.

This Agreement is effective this _____ day of _____, 1985.

BUYER
UTILICORP UNITED INC.

By _____
[Name and Title]

SELLER
INTERNORTH, INC.

ATTEST:

By _____
[Name and Title]

EXHIBIT 6 (Page 2)

part, have been included in a rate case for expense and/or rate base treatment as appropriate with an appropriate regulatory commission or municipality and for which final regulatory approval has been given or received but only to the extent that the Seller has received payment or reimbursement prior to Closing for such claim or award and to the extent that the Purchase Price has not been reduced by a Specified Liabilities as set forth in Schedule M of the Purchase Agreement; and (iii) with respect to claims or awards insured by a party not an Affiliate of the Seller (only to the extent that there is actual coverage and no retrospective premium adjustment) or properly reserved for on the books of Seller by Seller (Seller's Account Nos. 228.13, 228.23 and 228.24 prior to Closing.

Buyer shall duly perform each and every obligation required by any of the foregoing referenced contracts, licenses, permits, leases, authorizations and all other such obligations referred to above and shall assume all of the liabilities referenced above.

Buyer shall indemnify and hold Seller and its Affiliates, their successors, and assigns, employees, directors and agents harmless from any claim demand, action, cause of action, damage, judgment including attorney's fees, relating to or arising out of, in any way, the assumed obligations or liabilities.

This Agreement shall be interpreted in accordance with the laws of the State of Nebraska.

The terms defined in the Purchase Agreement and otherwise not defined herein are being used as defined therein.

This Agreement is effective this _____ day of _____, 1985.

BUYER
UTILICORP UNITED INC.

By _____
[Name and Title]

SELLER
INTERNORTH, INC.

ATTEST:

By _____
[Name and Title]

ABSTRACT GUARANTY COMPANY
338 PEARL STREET COUNCIL BLUFFS, IOWA

No. 169	Will F. Siedentopf and wife Jessica J.; Ellen M. S. Haas (formerly Ellen M. Siedentopf) and husband Frank S.; sole heirs at law of William Siedentopf and Mary W. Siedentopf, both deceased	D E E D \$10,000.00 Dated 21 December, 1906 Filed 21 December, 1906
Book 468		
Page 127		

to
Frank S. Haas

Conveys:- (among other) Lot 14 in Block 11, Riddles Subdivision in Council Bluffs, Iowa.

Acknowledged 21 December, 1906, before Geo. H. Mayne, Notary Public,
(seal) Pottawattamie County, Iowa.

No. 170	Frank S. Haas and wife Ellen M.S.	D E E D \$50,000.00
Book 468	to	Dated 21 December, 1906
Page 141	Jessica J. Siedentopf and Ellen M. S. Haas	Filed 21 December, 1906

Conveys:- (among other) Lot 14 in Block 11, Riddles Subdivision in Council Bluffs, Iowa.

Acknowledged 21 December, 1906, before Geo. H. Mayne, Notary Public,
(seal) Pottawattamie County, Iowa.

No. 171	George F. Wright and wife Ellen E. and Joel Eaton, unmarried	WARRANTY DEED \$1.00
Book 251		Dated 10 October, 1889
Page 432	to The Council Bluffs Gas & Electric Light Company	Filed 10 October, 1889

Conveys:- Lots 7, 8, 9, 10, 11, 12 and 13 and South 10 feet of Lot 14 in Block 11, Riddles Subdivision, Council Bluffs, Iowa.

Acknowledged 10 October, 1889, before A. W. Askwith, Notary Public,
(seal) Pottawattamie County, Iowa.

CONFIDENTIAL

ABSTRACT GUARANTY COMPANY
228 PEARL STREET COUNCIL BLUFFS, IOWA

No. 185	Lewis W. Ross, Master Commissioner	MASTER'S DEED \$288,179.
Book 301	to	Dated 17 December, 1898
Page 487	Frank T. True	Filed 24 December, 1898

Conveys:- Lots 9 and 10 in Block 13, Beer's Addition, Council Bluffs Iowa. Lots 4, 5, 6, 7, 12, 13, 14 and South 1/2 of Lot 3 and South 21 2/3 feet of Lot 8 and South 1/2 of Lot 11 in Block 12; Lots 7, 8, 9, 10, 11, 12, 13 and South 10 feet of Lot 14 in Block 11, Riddles Subdivision, Council Bluffs, Iowa.

United States Revenue \$288.50 affixed and cancelled.

Acknowledged 17 December, 1898, before D. L. Ross, Notary Public, (seal) Pottawattamie County, Iowa.

Attached is following: Now on 17 December, 1898, the above and foregoing deed is reported to the Court for approval and Court having examined the same in connection with the pleadings, decree and Master's Report of \$ finds said deed in all respects regular and sufficient in law and same is hereby approved. Jno. S. Woolson, Judge.

No. 186	Frank T. True and wife Anna C.	SPECIAL WARRANTY DEED
Book 301	to	Dated 4 January, 1899
Page 519	The Council Bluffs Gas & Electric Company	Filed 10 January, 1899

Conveys:- Lots 9 and 10 in Block 13, Beer's Addition, Council Bluffs, Iowa. Lots 4, 5, 6, 7, 12, 13, 14 and South 1/2 of Lot 3, South 21 2/3 feet of Lot 8, and South 1/2 of Lot 11 all in Block 12; Also Lots 7, 8, 9, 10, 12, 13 and South 10 feet of Lot 14 in Block 11, all in Riddles Subdivision Council Bluffs, Iowa.

In consideration of 2490 shares of par value of \$100.00 each and \$275,000.00 first mortgage, 5%, 30 year gold bonds of said Company, receipt acknowledged, do hereby grant, bargain, sell, assign, transfer and convey said property.

Warrants: Claiming by, through or under them.

United States Revenue \$524.00 affixed and cancelled.

Acknowledged 4 January, 1899, before G. F. Spooner, Notary Public, (seal) Pottawattamie County, Iowa.

CONFIDENTIAL

ABSTRACT GUARANTY COMPANY
228 PEARL STREET COUNCIL BLUFFS, IOWA

No. 185	Lewis W. Ross, Master Commissioner	MASTER'S DEED \$298,173.
Book 301	to	Dated 17 December, 1898
Page 487	Frank T. True	Filed 24 December, 1898

Conveys:- Lots 9 and 10 in Block 13, Beer's Addition, Council Bluffs Iowa. Lots 4, 5, 6, 7, 12, 13, 14 and South 1/2 of Lot 3 and South 21 2/3 feet of Lot 8 and South 1/2 of Lot 11 in Block 12; Lots 7, 8, 9, 10, 11, 13 and South 10 feet of Lot 14 in Block 11, Riddles Subdivision, Council Bluffs, Iowa.

United States Revenue \$288.50 affixed and cancelled.

Acknowledged 17 December, 1898, before D. L. Ross, Notary Public, (s) Pottawattamie County, Iowa.

Attached is following: Now on 17 December, 1898, the above and foregoing deed is reported to the Court for approval and Court having examined the same in connection with the pleadings, decree and Master's Report of finds said deed in all respects regular and sufficient in law and same is hereby approved. Jno. S. Woolson, Judge.

No. 186	Frank T. True and wife Anna C.	SPECIAL WARRANTY DEED
Book 301	to	Dated 4 January, 1899
Page 519	The Council Bluffs Gas & Electric Company	Filed 10 January, 1899

Conveys:- Lots 9 and 10 in Block 13, Beer's Addition, Council Bluffs, Iowa. Lots 4, 5, 6, 7, 12, 13, 14 and South 1/2 of Lot 3, South 21 2/3 feet of Lot 8, and South 1/2 of Lot 11 all in Block 12; Also Lots 7, 8, 9, 10, 12, 13 and South 10 feet of Lot 14 in Block 11, all in Riddles Subdivision Council Bluffs, Iowa.

In consideration of 2490 shares of par value of \$100.00 each and \$275,000.00 first mortgage, 5%, 30 year gold bonds of said Company, receipt acknowledged, do hereby grant, bargain, sell, assign, transfer and convey said property.

Warrants: Claiming by, through or under them.

United States Revenue \$524.00 affixed and cancelled.

Acknowledged 4 January, 1899, before G. F. Spooner, Notary Public, (seal) Pottawattamie County, Iowa.

CONFIDENTIAL

CITIZENS GAS & ELECTRIC COMPANY OF COUNCIL BLUFFS

(Controlled by Nebraska Power Co.)

History: Incorporated under the laws of New Jersey November 13, 1900. In January, 1904, absorbed the Council Bluffs Gas & Electric Co. Franchise expires 1925. Supplies the entire electric power and light and gas service in Council Bluffs, Iowa. The population served, according to 1920 U. S. census figures, is 36,162.

Management: OFFICERS: E. A. Wickham, Pres., Council Bluffs, Iowa; J. E. Davidson, Vice-Pres. and Gen. Mgr., Omaha, Neb.; A. S. Grenier, Vice-Pres., New York; S. E. Schweitzer, Sec. and Treas., Omaha, Neb. DIRECTORS: J. E. Davidson, T. D. Metcalf, Omaha, Neb.; Emmett Tinley, P. E. Everest, E. A. Wickham, Council Bluffs, Iowa. ANNUAL MEETING: Third Wednesday in October. OFFICES: Jersey City, N. J., and 26 Pearl St., Council Bluffs, Iowa.

Comparative Operating Statistics, Years Ended Dec. 31

	1921	1920	1919
Electric customers	8,990	7,748	7,667
Gas customers	6,702	6,917	6,541
Total customers	15,701	15,265	14,201
Miles of electric distributing pole lines	108	106	100
Gas generating capacity (cu. ft. per day)	1,000,000	1,000,000	1,000,000
Gas holder capacity (cu. ft.)	300,000	300,000	300,000
Artificial gas output (cu. ft.) annually	194,773,000	184,437,600	160,201,800
Miles of gas mains	72	67	67

Note: The company buys all its electrical energy from the Nebraska Power Co.

Comparative Income Account, Years Ended Dec. 31

	1921	1920	1919	1918
Gross earnings	\$647,616	\$580,268	\$502,187	\$409,157
Operating expenses and taxes	523,159	469,777	377,225	308,302
Net earnings	\$124,457	\$110,491	\$124,962	\$100,855
Fixed charges	38,713	35,106	32,122	31,211
Balance	\$85,744	\$75,385	\$92,840	\$69,644
Margin of safety	69%	68%	74%	69%

Comparative Balance Sheet, as of Dec. 31

	1921	1920	1919
ASSETS:			
Plant	\$1,603,731	\$1,488,935	\$1,420,000
Construction expenditures	3,837	.....	12,351
Cash	33,732	22,054	22,879
Accounts receivable	82,622	86,986	76,134
Materials and supplies	71,625	82,815	41,643
Treasury bonds	4,512	.....	900
Prepaid accounts and suspense	5,132	1,730	2,193
Total	\$1,805,211	\$1,682,520	\$1,576,100
LIABILITIES:			
Capital stock	\$500,000	\$500,000	\$500,000
Bonded debt	596,000	599,000	607,000
Notes and loans payable	*242,390	148,266	68,878
Accounts payable	15,664	16,170	15,487
Customers' deposits	43,563	31,388	21,169
Accrued accounts	37,932	32,902	32,158
Reserves	310,971	301,868	268,868
Surplus	58,671	52,926	62,540
Total	\$1,805,211	\$1,682,520	\$1,576,100

* Due Nebraska Power Co.

Table A.—Bond Records and Ratings (Based on Four Year Income Results, Etc.)

NAME OF ISSUE	Interest Payable	Maturity	Authorized	Outstanding	Average Income Available	Interest Required Per Annum	Factor of Safety	BASIS FOR RATING		Net Rating
								Security	Salability	
1. Council Bluffs Gas & El. Co. 1st 5s	M & N	N. 1928	\$300,000	\$165,000	\$15.191	\$8.250	87%	Strong	Mod	A.
2. Cit. Gas & El. Co. 1st 5s	J & J	Jan. 1926	150,000	126,000	.....	6,300	87%	.....	.....	A.
3. Cit. Gas & El. Co. 2nd 5s	M & S	M. 1925	300,000	300,000	100.111	15,000	85%	Good	.....	A.

1. Council Bluffs Gas & Electric Co. first gold 5s: Dated 1898; due Nov. 1, 1928. Interest paid M. & N. 1, at New York Trust Co., Trustee. Coupon, \$1,000. Sinking fund, \$5,000 per annum. Of the \$165,000 shown as outstanding \$4,000 are held in treasury of company. Company does not pay normal income tax.

2. Citizens Gas & Electric Co. of Council Bluffs first gold 5s: Dated Jan. 1, 1901; due Jan. 1, 1926. Interest paid J. & J. 1, at New York Trust Co., Trustee. Coupon, \$1,000. A sinking fund of \$3,000 per annum began Jan. 1, 1915. Company does not pay normal income tax.

3. Citizens Gas & Electric Co. of Council Bluffs second gold 5s: Dated March 1, 1905; due March 1, 1925. Callable since March 1, 1910 at 104 and interest. Interest paid M. & S. 1, at American Trust Co., Boston, Trustee. Coupon, \$1,000. Guaranteed by Omaha Electric Light & Power Co. (now Nebraska Power Co.) Company does not pay normal income tax.

Capital Stock: Citizens Gas & Electric Co. of Council Bluffs stock: Authorized and outstanding, \$500,000; par \$100. All, except directors' shares, owned by Nebraska Power Co.

ABSTRACT GUARANTY COMPANY
322 PEARL STREET COUNCIL BLUFFS, IOWA

No. 188	Council Bluffs Gas & Electric Company (seal) By President	L E A S E
Book 406	Wm. B. Hord; Victor Cumberson,	Dated 24 December, 1900
Page 491	Secretary	Filed 2 August, 1901
	to	
	Citizens Gas & Electric Company, Council Bluffs, (seal) By H. F. James, President; F. T. McGlynn, Secretary	

Leases: for 99 years from date hereof: Lots 4, 5, 6, 7, 12, 13, 14 and S $\frac{1}{2}$ Lot 3; South 21 2/3 feet of Lot 8; and S $\frac{1}{2}$ Lot 11, all in Block 12; Also Lots 7, 8, 9, 10, 11, 12, 13 and South 10 feet of Lot 14 in Block 11, all in Riddles Subdivision, Council Bluffs, Iowa, for an annual rental of 90% of net earnings.

United States Revenue \$1.00 affixed and cancelled.

Acknowledged and sworn by first party 24 December, 1900, before Henry D. Tyler, Notary Public, (seal) Kings County, New York, in form as authorized by Sub-Section 3, Section 2959, Code of Iowa.

Certificate filed in New York County.

Acknowledged and sworn by second party 24 December, 1900, before Henry D. Tyler, Notary Public, (seal) Kings County, New York, in form as authorized by Sub-Section 3, Section 2959, Code of Iowa.

Clerks certificate attached as to magistracy of acknowledging officer.

No. 189	The Council Bluffs Gas & Electric Company (seal) By Pres. Wm. B. Hord: Attest Victor Cumberson,	MORTGAGE \$300,000.00
Book 368	Secretary	Dated 1 November, 1898
Page 70	to	Filed 12 January, 1899
	New York Security & Trust Company, Trustees	

Mortgages:- Lots 9 and 10 in Block 13, Beer's Addition, Council Bluffs, Iowa. Lots 4, 5, 6, 7, 12, 13, 14 and S $\frac{1}{2}$ of Lot 3; South 21 2/3 feet of Lot 8 and S $\frac{1}{2}$ of Lot 11, all in Block 12; Also Lots 7, 8, 9, 10, 11, 12, 13 and South 10 feet of Lot 14 in Block 11, all in Riddles Subdivision, Council Bluffs, Iowa.

CONFIDENTIAL

REFERENCE NOTE ON BOND ISSUE:

1. Dated April 1, 1911; due April 1, 1931. Int. paid at Bank of Toronto, Toronto, and at Bankers' Trust Co., New York, and W. P. Bonbright & Co., London. Coupon, \$500 and \$1,000. Callable at par and int. Sinking fund, 2½% per annum. First lien on entire properties.

Table B.—Stock Records and Ratings (Based on Income Results, Etc.)

NAME OF ISSUE	Rate of Dividend	Amount Outstanding	Average Income Available	Dividend Requirement	Factor of Safety	BASIS FOR RATING		Net Rating
						Equity	Salability	
1. Northern Ontario L. & P. Ltd. pfd.....	6%	\$2,400,000	\$194,292	\$144,000	23%	Fair	Fair	B.
2. Northern Ontario L. & P. Ltd. common.....		4,585,000				.....	.....	C.

For key to ratings, see pages 12 to 20.

REFERENCE NOTES ON STOCK ISSUES:

1. Auth., \$2,500,000; par \$100. Ha. preference as to assets and 6% cumulative dividends. Full rate now regularly paid. Exchangeable at par into common.
2. Auth., \$5,000,000; par \$100.

OMAHA ELECTRIC LIGHT & POWER COMPANY

History: Incorporated under laws of Maine, June 25, 1903, and acquired control of the Citizens' Gas & Electric Co., of Council Bluffs, Iowa, and New Omaha, Thomson-Houston Electric Light Co. Franchise extension has been pending in courts, but decision of U. S. Supreme Court in June, 1913, held that the company has a perpetual franchise. Population served in Omaha and Council Bluffs, about 220,000.

Management: OFFICERS: F. A. Nash, Pres.; F. W. Yates, Vice-Pres.; S. E. Schweitzer, Sec'y. and Treas. DIRECTORS: C. E. Yost, K. C. Barton, H. W. Yates, F. A. Nash, C. N. Mason, S. Z. Mitchell, Geo. E. Claffin. MAIN OFFICE: Omaha, Neb.

Income Account, Years Ended Sept. 30

	1913	1912	1911
Gross earnings	\$1,201,060	\$1,080,933	\$995,671
Operating expenses and taxes	673,635	583,501	526,436
Net earnings	\$527,425	\$497,432	\$469,235
Total interest	97,361	.....	.....
Net income after charges	430,064	.....	.....

Analysis: This property has been operating quite successfully for many years, but recently its franchise has been in litigation. The United States Supreme Court has now affirmed the validity of this franchise and therefore the outlook for the company has distinctly improved. The earnings as reported, it will be noticed, are far in excess of all interest requirements, thus justifying a high rating for the outstanding bond issue.

Table A.—Bond Records and Ratings (Based on Three Year Income Results, Etc.)

NAME OF ISSUE	Interest Payable	Maturity	Authorized	Outstanding	Average Income Available	Interest Required Per Annum	Factor of Safety	BASIS FOR RATING		Net Rating
								Security	Salability	
1. Omaha El. Lgt. & Pr. 1st 5s.....	J&J	Jul. 1933	\$3,000,000	\$3,000,000	\$498,030	\$150,000	70%	High	Fair	A.

Note: Average income available is average for the three years ending Sept. 30, 1913, as shown by statement above. Interest requirement is amount required to cover interest on bonds now outstanding. No later details available. For key to ratings, see pages 12 to 20.

REFERENCE NOTE ON BOND ISSUE:

1. Dated July 1, 1903; due July 1, 1933. Interest paid at Old Colony Trust Co., Boston. Coupon, \$1,000. Callable at 105. Sinking fund, 5% of gross earnings. Direct lien on entire property. No full details now available.

Capital Stock: Authorized, \$1,000,000 5% cumulative preferred and \$2,500,000 common; outstanding, \$481,800 preferred and \$3,058,000 common. Regular dividend paid Feb. and Aug. 1 on preferred. Par, \$100.

ABSTRACT GUARANTY COMPANY
222 PEARL STREET COUNCIL BLUFFS, IOWA

No. 189 Continued

To secure 300 first mortgage, 30 year, 5% Gold Bonds for \$1000.00 each
United States Revenue \$149.50 affixed and cancelled.

Acknowledged and sworn 5 January, 1899, before Isaac E. Garvey,
Commissioner for Iowa, (seal) New York County, New York, form as author-
ized by Sub-section 3, Section 2959, Code of Iowa.

Also executed by New York Security and Trust Company, (seal) by
Charles S. Fairchild, President; Osborne W. Bright, Secretary.

Acknowledged and sworn 6 January, 1899, before Isaac E. Garvey,
Commissioner for Iowa, (seal) New York County, New York, in form as author-
ized by Sub-section 3, Section 2959, Code of Iowa.

No. 190	Council Bluffs Gas & Electric	DEED
Book 412	Company (seal) By President F. A.	Dated 15 January, 1904
Page 381	Nash; Attest: S. E. Schweitzer,	Filed 6 February, 1904
	Secretary	

to

Citizens Gas and Electric Company

In consideration of the sum of \$1.00 and other consideration,
Conveys:- Lots 7, 8, 9, 10, 11, 12, 13 and South 10 feet of Lot 14 in
Block 11, Riddle's Subdivision, Council Bluffs, Iowa.

Lots 4, 5, 6, 7, 12, 13, 14 and S $\frac{1}{2}$ Lot 3; and South 21 $\frac{2}{3}$ feet of
Lot 8, and S $\frac{1}{2}$ Lot 11 in Block 12 of said Riddle's Subdivision, Council
Bluffs, Iowa, in all containing 1.63 acres.

Acknowledged and sworn 2 February, 1904, before H. T. Slead, Notary
Public, (seal) Pottawattamie County, Iowa, in form as authorized by Sub-
Section 3, Section 2959, Code of Iowa.

CONFIDENTIAL

Table A.—Bond Records and Ratings (Based on Five Year Income Results, Etc.)

NAME OF ISSUE	Interest Payable	Maturity	Authorized	Outstanding	Average Income Available	Interest Required Per Annum	Factor of Safety	BASIS FOR RATING		Net Rating
								Security	Salability	
1. Kansas Gas & Elec. Co. 1st 5s.	M&S	Mr. 1922	\$6,000,000	\$4,702,000	\$495,785	\$235,100	53%	Good	Good	Ba.

Note: The average income available, as shown above, is the average of last five years shown in income account, and not merely the earnings of the latest year. The interest requirement, however, is that of the present time. With these facts kept in mind, the conservatism of the factor of safety and rating will be apparent. For definitions and key to ratings, see pages 11 to 18.

REFERENCE NOTE ON BOND ISSUE:

1. Dated March 1, 1910; due March 1, 1922; int. paid at Guaranty Trust Co., New York. Coupon, \$1,000. Callable on any interest date on four weeks' notice, at 105 and int. up to Dec. 31, 1917; during 1918 at 104; during 1919 at 103; during 1920 at 102, and during 1921 at 101. A cash improvement fund began in 1913 and requires payment to the trustee from March 1, 1913, to March 1, 1915, of 1% per annum; from 1916 to 1918, 2% per annum; from 1919 to 1921, 3% per annum of all bonds outstanding, except that the maximum remains at 2% in any twelve months that the net earnings of the company and the Home Light, Heat & Power Co. equal or exceed three times the interest charges on all outstanding bonds. This improvement fund is to be expended by the trustee for betterments, etc. Of the bonds not issued further amounts may be sold for improvements up to 80% of the cash cost, provided that the net earnings of the company and the Home Light, Heat & Power Co. shall aggregate at least twice the annual interest charges. The bonds are secured by first lien on all property and by pledge of all outstanding bonds and stock of the Home Light, Heat & Power Co. Company pays normal income tax.

Table B.—Stock Records and Ratings (Based on Five Year Income Results, Etc.)

NAME OF ISSUE	Rate of Dividend	Amount Outstanding	Average Income Available	Dividend Requirement	Factor of Safety	BASIS FOR RATING		Net Rating
						Equity	Salability	
1. Kansas Gas & Elec. 7% cum. pfd.	7% Qu.	\$1,000,000	\$284,456	\$133,000	53%	Fair	Fair	Ba.
2. Kansas Gas & Elec. com.	Nil	3,000,000	151,456	None	.....	.....	.....	Caa.

Note: Average income available on stock issues is the average surplus, after deducting all fixed and other charges, for last five years shown in income account. Dividend requirement is the requirement at the current rate on the present amount outstanding. For key to ratings, see pages 11 to 18.

REFERENCE NOTES ON STOCK ISSUES:

1. Authorized, \$2,500,000; par \$100. Has preference as to both assets and dividends and is callable on any dividend date at 115 and accrued dividends. Full rate has been paid since July 1, 1910, payments being made quarterly January.
2. Authorized, \$4,000,000; par \$100. All owned by American Power & Light Co. Transfer agents, Guaranty Trust Co., New York, and Fidelity Trust Co., Kansas City, Mo.

NEBRASKA POWER COMPANY

(Controlled by American Power & Light Co.)

History: Incorporated under laws of Maine, April 23, 1917, as successor company to Omaha Electric Light & Power Co., incorporated June 25, 1903, which company controlled the Citizens' Gas & Electric Co., of Council Bluffs, Iowa, and New Omaha, Thomson-Houston Electric Light Co. Franchise extension has been pending in courts, but decision of U. S. Supreme Court in June, 1913, held that the company has a perpetual franchise. Population served in Omaha, about 184,000. Subsidiaries: Citizens Gas and Electric Co. of Council Bluffs. Supplies entire electric light, power and gas service in Council Bluffs, Iowa, serving about 31,000.

Management: OFFICERS: G. H. Harries, Pres.; W. D. McHugh, W. M. Burgess, E. W. Hill, G. E. Claffin, Vice-Pres.; J. E. Davidson, Vice-Pres. and Gen. Mgr.; S. E. Schweitzer, Sec. and Treas.; E. G. Clemenston, M. H. Arning, W. C. Lang, Asst. Sec. and Asst. Treas. DIRECTORS: W. M. Burgess, G. H. Harries, G. W. Holdrege, J. H. Millard, W. D. McHugh, C. E. Yost, Joseph Barker, T. C. Byrne, G. E. Claffin, J. E. Davidson, Gould Dietz, A. S. Grenier, E. W. Hill, A. E. Smith, F. G. Sykes. MAIN OFFICE: Omaha, Neb. BOSTON OFFICE: Ames Bldg.

Operating Statistics

	Dec. 31, 1917	Dec. 31, 1916
Electric customers	31,264	28,833
Kilowatt generating capacity	31,500	18,000
Kilowatt-hour feeder output for 12 months	66,053,000	58,053,000
Miles of overhead distributing lines	500	475
Miles of underground distributing lines	23	18

Comparative Income Account, Years Ended Dec. 31

	1917	1916	1915	1914	1913	1912
Gross revenues	\$1,706,068	1,593,033	\$1,425,795	\$1,299,731	\$1,227,767	\$1,105,680
Operating expenses	1,030,353	913,594	741,748	718,316	669,386	606,364
Depreciation			200,000	200,000	158,333	150,000
Net revenues	\$675,715	\$679,439	\$484,047	\$381,415	\$400,048	\$349,316
Interest	177,957	113,807	117,422	113,362	114,201	115,724
Balance	\$497,758	\$565,632	\$366,625	\$268,053	\$285,847	\$233,592
Margin of safety	74%	83%	75%	70%	71%	67%

Note: Margin of safety is the proportion of total net income left over after deduction of all charges, including interest on permanent and floating debts, sinking funds, etc. Wherever possible, taxes and depreciation items are deducted before showing net income available for charges. Earned on stock is based on the amounts outstanding at the close of the fiscal year.

General Balance Sheet, as of Dec. 31, 1917

ASSETS:		LIABILITIES:	
Plants	\$14,936,810	Preferred stock	\$3,500,000
Securities owned	685,419	Second preferred stock	1,000,000
Current assets	559,850	Common stock	5,000,000
Sinking fund	729,484	Omaha E. L. & P. Co. bonds	3,000,000
Suspense	3,728	Ten year 5% notes	1,500,000
		Current liabilities	1,732,641
		Reserves	1,067,513
		Surplus	115,167
Total	\$16,915,321	Total	\$16,915,321

Table A.—Bond Records and Ratings (Based on Five Year Income Results, Etc.)

NAME OF ISSUE	Inter- est Pay- able	Maturity	Authorized	Outstanding	Average Income Available	Interest Required Per Annum	Factor of Safety	BASIS FOR RATING		Net Rating
								Security	Salability	
1. Omaha El. Lgt. & Pr. 1st 5s.	J&J	Jul. 1933	\$3,000,000	\$2,000,000	\$514,067	\$150,000	72%	High	Fair	A.

Note: Average income available is average for last five years shown in income account. Interest requirement is amount required to cover interest on bonds now outstanding. For key to ratings, see pages 11 to 18.

REFERENCE NOTE ON BOND ISSUE:

1. Dated July 1, 1903; due July 1, 1933; interest paid at Old Colony Trust Co., Boston. Coupon, \$1,000. Callable at 105. Sinking fund, 5% of gross earnings. Direct lien on entire property. Company pays normal income tax.

Note: There are also outstanding \$1,500,000 ten year 5% notes of the Nebraska Power Co.

Capital Stock: Authorized and outstanding, \$3,500,000 7% preferred; \$1,000,000 7% second preferred and \$5,000,000 common; par \$100. American Power & Light Co. owns all the second preferred and a majority of the common.

PACIFIC POWER & LIGHT COMPANY

(Controlled by American Power & Light Co.)

History: Incorporated June 16, 1910, under the laws of Maine, to own and operate electric light and power, electric street railway and gas and water works properties. In 1910 acquired electric light and power, gas and street railway properties in Washington, Oregon and Idaho owned by the Northwestern Corporation of Philadelphia, the Northwest Light & Water Co., the Yakima Valley Power Co., the Astoria Electric Co., and the Wasco Warehouse Milling Co. Also acquired stock of the Walla Walla Valley Ry. Co. As of April 30, 1911, it took over the property of the Hood River Light & Power Co., Husum Power Co., Klickitat Light & Power Co., Tucannon Power Co., Dayton Elec. Co., Waitsburg Electric Light Co., Prosser Water Co. and the Prosser Power Co., and the stock of the Reservation Electric Co. The fee title to all the properties except the Walla Walla Valley Ry. Co. is now in the name of the Pacific Power & Light Co. Company furnishes electric light and power service to 43 communities, gas service to 7, railway service to 2, interurban railway service to 3 and water service to 4 communities.

Franchises: Franchises, with unimportant exceptions, are either unlimited as to time or extend for a long period.

Population Served: Population served estimated at approximately 128,000.

Management: OFFICERS: S. Z. Mitchell, Chairman of Board; Guy W. Talbot, Pres.; F. G. Sykes, G. E. Claffin, E. W. Hill, Edward Cookingham, A. S. Grenier, J. A. Laing, Vice-Presidents; Geo. F. Nevins, Sec. and Treas.; M. H. Arning, M. E. Corbin, W. C. Lang, Asst. Treas. and Asst. Sec. DIRECTORS: J. C. Ainsworth, Edward Cookingham, Fred S. Fogg, S. S. Gordon, A. S. Grenier, William Jones, John A. Laing, C. Hunt Lewis, H. C. Lucas, S. Z. Mitchell, Miles C. Moore, Josiah Richards, F. G. Sykes, Guy W. Talbot. ANNUAL MEETING: Third Tuesday in February. MAIN OFFICE: 71 Broadway, New York.

Operating Statistics, Years Ended Dec. 31

	1917	1916	1915	1914
Electric customers	22,869	20,786	17,960	16,572
Gas customers	7,744	7,149	6,712	6,366
Water customers	5,406	4,935	4,752	4,680
Total customers	36,019	32,870	29,424	27,618
Kilowatt generating capacity	20,515	20,500	20,125	18,500
Kilowatt hour feeder output for twelve months	54,435,604	41,182,945	39,389,430	35,863,259
Miles of electric distributing lines in service	875	860	845	777
Miles of high voltage transmission lines in operation	502	485	470	463
Gas holder capacity (cubic feet)	439,500	439,500	439,500	439,500
Artificial gas output (cubic feet) for twelve months	146,146,000	132,257,100	127,044,000	124,162,000
Miles of street railway and interurban railway lines in operation	33	31.5	31.5	30.5
Miles of gas mains	135	132	130	126
Miles of water mains	95	95	92	91

KNOW ALL MEN BY THESE PRESENTS, That CITIZENS GAS & ELECTRIC COMPANY OF COUNCIL BLUFFS, a corporation organized and existing under the laws of the State of New Jersey and duly qualified to transact business within the State of Iowa, pursuant to resolutions duly passed by its stockholders and its Board of Directors, for and in consideration of the sum of Ten Dollars (\$10) and other good and valuable considerations, receipt whereof is hereby acknowledged, has sold and conveyed, assigned, transferred and delivered, and by these presents does hereby sell and convey, assign, transfer and deliver unto COUNCIL BLUFFS GAS COMPANY, a corporation organized and existing under the laws of the State of Delaware and duly authorized to transact business in the State of Iowa, the following described property, situated in the County of Pottawattamie and State of Iowa, to wit:

PARCEL I

(1) That part of Lot Five (5) in Block Three (3) of Bryant and Clark's Subdivision in the City of Council Bluffs, County of Pottawattamie and State of Iowa, described as follows:

Commencing at the Northwest corner of said Lot Five (5) and running thence Southerly along the Westerly line of said Lot Five (5) a distance of twenty-five (25) feet; thence Easterly at right angles to said Westerly line a distance of twenty (20) feet; thence Northerly, parallel with said Westerly line of said Lot Five (5) a distance of twenty-five (25) feet to the Northerly line of said lot; thence Westerly along the Northerly line of said lot twenty (20) feet to the place of beginning

PARCEL II

(k) The South Half ($S\frac{1}{2}$) of Lot Three (3), all of Lots Four (4), Five (5), Six (6) and Seven (7), the South twenty-two and two-thirds ($22\frac{2}{3}$) feet of Lot Eight (8), the South Half ($S\frac{1}{2}$) of Lot Eleven (11) and all of Lots Twelve (12), Thirteen (13) and Fourteen (14), all in Block Twelve (12) in the Subdivision of the Riddle Tract in Council Bluffs, Iowa, also known as Riddle's Subdivision in Council Bluffs, Iowa.

PARCEL III

✓ (2) Lots Seven (7), Eight (8), Nine (9), Ten (10), Eleven (11), Twelve (12) and Thirteen (13) and the South ten (10) feet of Lot Fourteen (14), all in Block Eleven (11) of the Subdivision of the Riddle Tract in Council Bluffs, Iowa, also known as Riddle's Subdivision, in Council Bluffs, Iowa. 2)

PARCEL IV

for That certain tract or parcel of land constituting vacated alleys lying in Riddle's Subdivision of the City of Council Bluffs, Iowa, vacated by ordinance passed May 7, 1928, approved May 9, 1928, described as follows:

✓ (a) Those portions of the vacated alleys lying South of a line one hundred forty-six (146) feet North of and parallel to the South line of Block Eleven (11) in Riddle's Subdivision of the City of Council Bluffs, Iowa, said vacated alleys being more particularly described as:

The vacated alley lying between the South line of Lots Seventeen (17) to Twenty (20) inclusive, and the North line of Lots Seven (7) to Ten (10) inclusive, and West of the East lines of Lots Seven (7) and Twenty (20), extended and joined; the vacated alley lying between the East line of Lots Eleven (11) to Sixteen (16) inclusive and the West line of Lots Seventeen (17) and Ten (10), extended and joined;

(b) Those portions of the vacated alleys lying South of the center lines of Lots Three (3) and Eleven (11), extended and joined, in Block Twelve (12) in Riddle's Subdivision of the City of Council Bluffs, Iowa, being more particularly described as:

That portion of the vacated alley lying between the West line of Lots One (1) to Six (6), inclusive and the East line of Lots Seven (7) and Eight (8) and the vacated alley lying between the East line of Lots Nine (9) to Fourteen (14) inclusive and the West line of Lots Seven (7) and Eight (8), all in Block Twelve (12) in Riddle's Subdivision aforesaid;

✓ (c) That portion of the West Half (W $\frac{1}{2}$) of the vacated alley lying between the Westerly lines of Lots Four (4), Five (5) and Six (6) and the Easterly line of Lot Seven (7) and South of the Northerly line of Lot Seven (7), prolonged Eastward, in Block Eleven (11), Riddle's Subdivision of the City of Council Bluffs, Iowa, the center line of said alley being the Westerly line of the buildings and projections of the Mona Motor Oil Company located in said vacated alley on May 12, 1928. m)

PARCEL V.

The gas manufacturing plant and plant site of the grantor in the City of Council Bluffs, including all gas holders, expansion tanks, gas mains, buildings and structures located upon the tracts of land above described, and all the grantor's easements, rights of way, rights, permits, privileges, licenses, machinery, engines, equipment, appliances and appurtenances forming a part of the said plant or site or used or enjoyed in connection therewith.

PARCEL VI.

The gas distributing system of the grantor in, and in the vicinity of, the City of Council Bluffs, including all gas holders, expansion tanks, tunnels, conduits, gas mains and pipes, service pipes, fittings, gates, valves, connections, meters, appliances, devices, equipment and appurtenances and all grantor's other property, real, personal or mixed, used or enjoyed in connection with said distributing system, whether used for the distribution of natural, artificial or mixed gas, together with all rights of way, easements, permits, privileges, municipal or other franchises, licenses, consents and rights for or relating to the construction, maintenance or operation thereof, through, over, under or upon any public streets or highways or any public or private lands in, and in the vicinity of, said City of Council Bluffs.

PARCEL VII.

All the railroad tracks of the grantor in said City of Council Bluffs, used in or in connection with the manufacture, sale and distribution of gas by the grantor in said City, together with all spur tracks, switches, sidings, rails, ties, appurtenances and equipment, rights of way, easements, contracts, permits and consents appertaining thereto, and all grantor's right, title and interest in and to the lands upon which the same are

situated.

PARCEL VIII.

All those certain rights, privileges and franchises now owned and held by the grantor for the construction, maintenance and operation of the gas plant and system in, and in the vicinity of, the City of Council Bluffs, including those granted by that certain franchise granted to Grantor, its successors and assigns, by the City of Council Bluffs, Iowa by ordinance adopted by the City council of said City on October 1, 1923, (said ordinance being document 2551, of the Ordinances of the City of Council Bluffs, Iowa), and subsequently approved on October 2, 1923 by the Mayor of said City, and which subsequently received the favorable vote of a majority of the electors of the City of Council Bluffs voting upon the question at a special election held for that purpose.

PARCEL IX.

All furniture, fixtures, equipment, tools, supplies, stores, material, fuel, merchandise, motor vehicles, horses, mules, wagons and transportation equipment owned by the grantor and used exclusively in, or exclusively in connection with, the manufacture, sale and distribution of gas in, and in the vicinity of, said City of Council Bluffs, County of Pottawattamie, State of Iowa.

The grantor hereby warrants the title against all persons whomsoever.

IN WITNESS WHEREOF the said Citizens Gas & Electric Company of Council Bluffs has caused these presents to be signed by one of its Vice-Presidents and attested by one of its Assistant Secretaries and its corporate seal to be

hereto affixed, this 1st day of June, A.D. 1928.

CITIZENS GAS & ELECTRIC COMPANY
OF COUNCIL BLUFFS

By A. S. Grenier
Vice-President.

Attested:

H. L. Martin
Assistant Secretary.

STATE OF NEW YORK }
COUNTY OF NEW YORK } SS

On this 1st day of June, A.D. 1928, before me,

MARY J. GUILFOYLE, a notary public in and for said County in the State aforesaid, personally appeared A. S. GRENIER and H. L. MARTIN, to me personally known and to me known to be a Vice-President and an Assistant Secretary, respectively, of CITIZENS GAS & ELECTRIC COMPANY OF COUNCIL BLUFFS, who being by me severally and duly sworn, each for himself did say that he, the said A. S. GRENIER, is a Vice-President, and he, the said H. L. MARTIN, is an Assistant Secretary of said CITIZENS GAS & ELECTRIC COMPANY OF COUNCIL BLUFFS, that the seal affixed to the foregoing instrument is the corporate seal of said corporation, and that the said instrument was signed and sealed on behalf of the said corporation by authority of its Board of Directors, and the said A. S. GRENIER and H. L. MARTIN have acknowledged the execution of said instrument to be the voluntary act and deed of said CITIZENS GAS & ELECTRIC COMPANY OF COUNCIL BLUFFS, by it voluntarily executed.

WITNESS my hand and notarial seal this 1st day of June, A.D. 1928.

Mary J. Guilfoyle
Notary Public in and for the State of New York
County Clerk's No. 2591 Notary's No. 26018
Commission Expires March 30, 1931

Assets (cont'd)	1944	1943
Dep. with trust	---	477
Receiv., net	179,912	165,942
Applian. leased	1	1
Mat. & supplies	131,039	172,286
Prepd. & def. chg.	1,340	3,857
Bond disc. & exp.	117,507	130,507
Total	\$9,223,805	\$9,201,525
Liabilities:		
6% pref. (\$100)	\$1,500,000	\$1,500,000
Com. stock (\$25)	2,000,000	2,000,000
Funded debt	2,619,500	2,650,000
Curr. & Accr. Liab.:		
Ser. bonds due	---	100,000
Accts. payable	68,596	84,840
Due to affil. cos.	13,436	7,489
Taxes accrued	250,991	334,391
Int. accr., etc.	10,333	10,724
Deprec. & amort.	1,835,339	1,700,930
Consumers' dep.	116,359	105,927
Other reserves	76,951	70,693
Earned surplus	732,295	627,432
Total	\$9,223,805	\$9,201,525
Current assets	\$566,645	\$725,517
Curr. & accr. liab.	343,356	547,445
Net curr. assets	223,289	178,072

(Property, plant, gas well and equipment including intangibles—at cost, subject to amortization and depreciation—of which \$671,364 was satisfied by issuance of stock).
Accounts certified by Peat, Marwick, Mitchell & Co.
Bonded Debt: 1. Northwestern Utilities, Ltd. first sinking fund 4 1/2% series A, due 1959.
AUTHORIZED—Not to exceed \$5,000,000 bonds at any one time outstanding; outstanding, series A, 4 1/2%, Dec. 31, 1944, \$2,619,500 (included \$845,000 second series).
DATED—June 1, 1939.
MATURITY—June 1, 1959.
INTEREST PAID—J&D 1. Principal and interest payable in lawful money of Canada in any branch in Canada (except the Yukon Territory) of the company's bankers.
TUSTEE—Montreal Trust Co., Toronto.
DENOMINATION—Coupon, \$500 and \$1,000; registrable as to principal; fully registered, \$1,000 and multiples.
CALLABLE—As a whole or in part at any time prior to maturity on any interest date on 30 days' notice at 103 to June 1, 1949, incl.; thereafter at 102 to June 1, 1954, incl.; and thereafter prior to maturity at 101. Bonds may also be retired for the sinking fund (which see) at 101 to June 1, 1949, incl., and at 100 1/2 thereafter and prior to maturity.
SINKING FUND—Semi-annually beginning Dec. 1, 1944 of \$47,500 plus amount equal to interest on bonds previously retired through the sinking fund, estimated sufficient to retire entire issue by maturity. Second series A: Semi-annually J&D 1, commencing Dec. 1, 1944, of \$15,400 plus a sum equal to semi-annual interest which would have been payable on

all sinking fund bonds of second series A therefore purchased or redeemed through sinking fund if same had been kept alive.
SECURITY—A first fixed and specific mortgage and charge on all the lands, rights-of-way, easements, leases, rights, concessions and franchises of the company and all other immovable property of every description now or hereafter owned or acquired (but excepting rights of company in respect of recovery and/or disposal of any petroleum or petroleum products under lands of the company) and a floating charge on company's undertaking and all its properties and assets, present and future.
DIVIDEND LIMITATIONS—No dividends may be paid on preferred stock if earned surplus would be reduced below \$250,000 and no dividend on any stock, except 6% preferred, except out of available earnings made subsequent to Jan. 1, 1939, and then only if certain requirements are maintained with respect to net current position.
ADDITIONAL BONDS—May be issued (but aggregate of all bonds outstanding at any one time must not exceed \$5,000,000) to the extent of 60% of fair value of additional property and subject to requirements as to net earnings.
PURPOSE—Issued to retire first 6% bonds, series A and first 5 1/2% bonds, series B and for other purposes. Second series issued to retire first 4 1/2% B, 1959 and for other corporate purposes.

OFFERED—(\$841,000) at 100 (Canadian funds) in Canada in May, 1939, by Nesbitt, Thomson & Co., Ltd., Montreal \$1,159,000 sold privately, \$650,000 at 98 (Canadian funds) in July, 1942 by Nesbitt, Thomson & Co., Ltd., Montreal.
PRICE RANGE—1944 1943 1942 1941 1940
High—101 100 98 95 99
Low—99 98 93 1/2 92 98

Canadian funds.
Capital Stock: 1. Northwestern Utilities, Ltd. 6% cumulative participating preferred; par \$100.
AUTHORIZED—20,000 shares; outstanding, 15,000 shares; par \$170.
PREFERENCES—Has first preference as to assets and cumulative dividends and, after common has received \$4 per share, is entitled to an additional dividend of \$1 per share. In liquidation entitled to \$100 and dividend.
CALLABLE—As a whole on any dividend date on 30 days' notice at 100. Common may also purchase all or any part of outstanding preferred stock in the market or by tender or otherwise at not exceeding 105.
VOTING RIGHTS—Has no voting power except on default of dividends for one year, when it is entitled to one vote per share—such right to cease upon payment of such arrears.
DIVIDEND RESTRICTIONS—See description of first 4 1/2% due 1959 above.
ADDITIONAL STOCK—Of the 6% preferred stock, not more than 15,000 shares may be issued unless net earnings for twelve consecutive months out of fifteen months next preceding are at least equal to twice dividend re-

quirements on preferred outstanding and to be issued.

So long as preferred is outstanding, company may not hereafter issue any bonds, debentures or debenture stock and/or make any mortgage on its property, except with consent of holders of three-fourths of preferred; however, company may, without such consent, issue bonds, debentures or debenture stock and/or make any mortgage on its property if the aggregate of (1) bonds, debentures and/or debenture stock proposed to be issued; (2) bonds, debentures and/or debenture stock issued after Jan. 1, 1934, and outstanding; (3) the principal amount to be secured by any such mortgage or charge (not being a mortgage or charge to secure any bonds, debentures and/or debenture stock of the company) proposed to be made; (4) the principal amount for the time being owing under and secured by such mortgages or charges (not being mortgages or charges to secure any bonds, debentures and/or debenture stock of the company), if any, made after Jan. 1, 1934, do not together exceed total of following amounts: (a) \$1,500,000 payable in lawful money of Canada, and (b) such additional amounts in lawful money of Canada and/or other currencies required to refund and/or retire by acquiring and/or redeeming first mortgage 15-year bonds dated June 1, 1934.
DIVIDENDS—Regular dividends paid quarterly, March 1, etc., to stock of record about Feb. 25, etc.
PURPOSE—Issued May, 1936, pursuant to recapitalization (for details, see Moody's 1938 Public Utility Manual).
1,500 shares sold in 1941 to finance in part new construction work.
2. Northwestern Utilities, Ltd. common; par \$25.
AUTHORIZED—120,000 shares; outstanding, Dec. 31, 1944, 80,000 shares; par \$25 (changed from no par May 2, 1936, on basis of 1/10 new \$25 par share for each old no par share).
OWNED—All owned by International Utilities Corp.
VOTING RIGHTS—Has sole voting rights with restrictions (see No. 1 above).
DIVIDEND RESTRICTIONS—See first 4 1/2% 1939 above.
PURPOSE—Issued in May, 1936, pursuant to recapitalization, holders of old 8% preference shares receiving 3.6 new common shares for each share held and holders of old common stock receiving 1/10 of a new common share for each share held.
20,000 shares sold in 1941 at par; proceeds used to finance in part new construction work.
DIVIDENDS PAID—
On \$25 par shares:
1937—1.47% 1938—1.50 1939—1.50 1940—2.40 1941—1.47% 1942—2.60 1943—2.25
TRANSFER AGENT AND REGISTRAR—Stock transferred and registered at company's office.

Interest which would have been payable on

NEBRASKA POWER COMPANY

CAPITAL STRUCTURE

FUNDED DEBT

- Issue
1. First mtge. 4 1/2%, due 1981.....
2. Debenture 6s. A, 2022.....

CAPITAL STOCK

- Issue
1. 7% cumulative preferred.....
2. 6% cumulative preferred.....
3. Common.....

At 110 on and after Sept. 1, 1947. To June 1, 1946, incl., when price changes.

HISTORY

Incorporated under laws of Maine April 23, 1917 as successor company to Omaha Electric Light & Power Co., incorporated June 10, 1903. Citizens Power & Light Co. (formerly Citizens Gas & Electric Co. of Council Bluffs, Iowa), former wholly-owned subsidiary, was merged as of June 1, 1937. The gas property of the Citizens Gas & Electric Co. of Council Bluffs, Iowa, was sold in June, 1928, the name subsequently being changed to Citizens Power & Light Co.

CONTROL

On Dec. 26, 1944, Central West Irrigation Co. (name later changed to Omaha Electric Committee, Inc.), a non-profit corporation organized under the general corporation laws of Nebraska Dec. 3, 1944, acquired entire outstanding common stock of Nebraska Power Co. from American Power & Light Co. for approximately \$14,421,000. This is the first step in a plan of conversion to public ownership by a political sub-division of the State of Nebraska.

MANAGEMENT

Officers

J. E. Davidson, Chairman
Roy Page, Vice-President & Gen. Mgr.
F. E. Smith, Vice-Pres. & Asst. Gen. Mgr.
S. J. Cunningham, Vice-President
W. W. Weststrand, Secretary
Gerald Collins, Treasurer
P. J. Moylan, Asst. Sec. & Asst. Treas.
T. F. Hunley, Asst. Sec. & Asst. Treas.

Directors

Dr. H. H. Baer, Ashland, Neb.
Gerald Collins, Omaha

Rating	Amount Outstanding	Times Charges Earned	Earned per Sh.
As	\$16,500,000	1944 1943	1944 1943
A	3,500,000	3.44 3.20	---
Par	Amount	1944 1943	1944 1943
Value	Outstanding	51,962 shs. 22,581 shs.	\$21.93 \$21.83
100	1,000,000 shs.	1.14 1.13	---

Sidney J. Cunningham, Omaha
J. E. Davidson, Omaha
Gould Dietz, Omaha
W. C. Fraser, Omaha
T. H. Maenner, Omaha
Reed O'Hanlon, Blair, Neb.
Dennis Radford, Jr., Omaha
Bernard R. Stone, Omaha
W. W. Weststrand, Omaha
Emil E. Wolf, North Bend, Neb.
Ernest L. McLean, Augusta, Me.
George H. Hunt, Augusta, Me.
Annual Meeting: First Monday in April at Augusta, Me.
Auditors: Arthur Andersen & Company.
General Office: Omaha 2, Nebraska.

BUSINESS

Provides electric power and light service in Omaha and 38 adjacent communities in eastern Nebraska and in Council Bluffs and 8 other communities in Iowa. The population of the territory served is estimated at 353,000. Industries supplied with electric power and light service include flour milling establishments, grain elevators, packing plants, lead reduction works, foundries and machine shops, wood-working shops and numerous other enterprises.

The City of Omaha (1940 population 223,185) is the largest city in the state and ranks first in value of manufactures. It is an important railway center and has an extensive trade in agricultural and manufactured products. Chief industries in Council Bluffs (1940 population 41,443) are the manufacture of agricultural implements and supplies, car wheels and railway equipment, artificial ice and machinery, passenger and freight elevators, drugs and hardware.

Interest	Call Price	Price Range
7 1/2% J&D	110 1/2	111-106 1/2 112-83
6% M&S 1	110	120-114 1/2 128 1/2-70 1/2
Divs. per Sh.	Call Price	Price Range
1944 1943	110 114	114-105 1/2 117 1/2-81
\$7.00 \$6.00	110 106 1/2	106 1/2-104 115-72
0.20 0.90	---	---

PHYSICAL PROPERTIES

Physical property owned and operated by the company includes total installed electric generating capacity of 111,500 k.w., and 4,343 miles of electric line. Company has 102 miles of 55,000 volt transmission lines which surround the City of Omaha. On Aug. 12, 1942, an interconnection of electric systems of the company and Kansas Gas & Electric Co. was completed, which consists of a 154,000 volt transmission line with approximate capacity of 40,000 k.w.

Principal generating plants are:

Omaha—Installed generating capacity 106,500 k.w.; last unit installed in 1937; net station output in 1944, 495,803,300 k.w.h.; 1943, 388,337,100 k.w.h.; 1942, 319,819,700 k.w.h.; 1941, 360,424,800 k.w.h.; fuel cost per k.w.h. generated—3.20 cents.

South Omaha—Installed generating capacity 5,000 kw.; constructed in 1938; last unit installed in 1938; net station output in 1944, 41,651,700 k.w.h.; 1943, 43,753,800 k.w.h.; 1942, 38,163,500 k.w.h.; 1941, 35,496,300 k.w.h.

FRANCHISES

The United States Supreme Court has held that the company possesses a franchise right, unlimited as to time, to distribute electricity for light, heat and power purposes in the City of Omaha. The major portion of the company's revenue is derived from the territory covered by this franchise.

On Feb. 12, 1945, the Omaha City Council had adopted a resolution declaring that the franchise under which the company serves the City of Omaha has been forfeited. In the opinion of counsel, company has a franchise in perpetuity and therefore the resolution of the City Council is invalid and of no effect.

REGULATION

Company is subject to limited regulation by the Public Service Commission of Nebraska. For details regarding state regulation, see Moody's Regulation Chart (blue insert). As a subsidiary of a registered holding company, the company is subject to broad regulation by the Securities & Exchange Commission.

RESIDENTIAL RATES

Available in Omaha and Council Bluffs. Effective date September 27, 1939:

\$0.05 for first 12 k.w.h. or less
 \$0.06 per k.w.h. next 20 k.w.h.
 \$0.07 per k.w.h. next 40 k.w.h.
 \$0.08 per k.w.h. all additional k.w.h.
 10¢ per k.w.h. for all k.w.h. used for separately metered off-peak water heating service supplied in accordance with certain specified provisions.

Available in remaining portion of the territory. Effective date Nov. 1, 1941. Shown as net rates (gross in parentheses):

\$1.00 (\$1.10) for first 12 k.w.h. or less.
 \$1.00 (\$1.10) per k.w.h. next 40 k.w.h.
 \$1.00 (\$1.10) per k.w.h. next 150 k.w.h.
 \$1.50 (\$1.60) per k.w.h. all additional k.w.h.
 Net rates apply if paid within 15 days.

LITIGATION

The 1943 Legislature of Nebraska enacted a law giving the City of Omaha the right to

create a "people's power commission", with authority to acquire, either by purchase or condemnation, the electric system serving the city and contiguous areas. This legislation was introduced at the instance of the Omaha City Council, to provide a vehicle to take over the electric company's property. If, by any chance, it were going to be sold to one of Nebraska's public power districts.

The law, as enacted, provides that a public power district cannot acquire the property of the utility serving the City of Omaha. In spite of this, and the further fact that both the Nebraska Power Co. and its controlling stockholder, American Power & Light, announced that they had neither desire nor intention to sell the company, and although the sentiment of the people of Omaha evidently is favorable to the continuation of the Nebraska Power Co., Omaha's only daily paper initiated a campaign to force company's property into municipal ownership.

When it appeared probable that the Omaha City Council would appoint a "people's power commission", there was circulated in Omaha an initiative petition, asking the City Council either to take no action or to submit the question to a vote of the people. Although only 11,000 signatures were needed, there were obtained 58,655 signatures (two-thirds of the qualified electorate) to this petition. The City Council, nevertheless, on advice of its legal

department, disregarded the petition and appointed a commission. Immediately, a referendum petition was circulated, again asking the Council to put the question to a vote. But this petition, with 26,120 signatures (only 4,000 were required), was also disregarded.

The referendum petitioners, not satisfied with the action of the City Council, filed suit in the District Court of Douglas County, Nebraska, asking that the Council be "mandamus" to repeal its action setting up a commission or submit the question to a vote. On Feb. 23, 1944, the Court handed down its decision, holding that the Council should do what the referendum petition requested. It is expected that the matter will be carried to the Supreme Court in Nebraska.

CONTRACTS

Power Contract: Under date of Dec. 26, 1944 a new power contract was entered into with the Loup River Public Power District and the old contract was superseded. Under the terms of the new contract, it is provided that Loup supply all of the demands of the Nebraska Power Company's customers in Nebraska up to 125,000 k.w. Firm power obligation of the company to Loup is 75,000 k.w., the company agreeing to maintain in readiness to serve condition and reserve for the call of the Loup, at all times, at least 75,000 k.w. of the capability of the total installed generating capacity of its Jones Street Plant.

OPERATING STATISTICS, YEARS ENDED OR ON DEC. 31
(Data compiled from reports to Federal Power Commission)

	1944	1943	1942	1941	1940	1939	1938
CUSTOMERS:							
1. Residential	83,553	87,352	83,985	81,247	78,942	77,043	75,286
Commercial	10,209	9,945	10,971	11,315	11,455	11,482	12,477
Industrial						120	
Other	154	186	176	167	153	973	105
Total customers	93,916	92,983	95,132	92,729	90,555	89,340	87,866
Sales (k.w.h.):							
1. Residential	108,309	100,404	135,742	107,286,300	100,057,000	78,919,000	71,810,000
Commercial	592,507	360,295	270,612	207,289,300	218,784,400	61,131,000	205,450,000
Industrial						149,739,000	
Other	98,671	99,135	72,811	73,826,500	94,147,300	97,240,000	74,328,000
Total sales (k.w.h.)	599,547	559,834	478,165	428,502,700	412,988,700	375,029,000	351,588,000
Revenues:							
1. Residential	\$3,782,784	\$3,563,358	\$3,776,039	\$3,450,525	\$3,254,383	\$3,064,993	\$2,983,232
Commercial	5,837,172	5,379,639	4,624,624	4,435,235	4,060,621	2,315,254	4,078,748
Industrial						1,561,249	
Other	972,398	964,377	812,220	794,975	1,326,564	1,041,670	1,009,505
Total revenues	\$10,592,354	\$9,907,374	\$9,212,883	\$8,680,735	\$8,641,568	\$7,983,166	\$8,071,482
Steam k.w.h. generated	538,454,900	432,059,900	357,983,300	396,921,100	437,439,100	413,394,600	389,721,600
Other k.w.h. generated			6,200	5,800		12,200	8,000
Purchased	112,183,500	177,233,400	136,232,500	76,906,800	17,417,275	356,300	
Total k.w.h. generated & purch.	650,638,400	609,293,300	494,222,000	473,833,500	454,863,575	413,803,100	389,729,600
Interchange (in)	17,469,000	27,723,700	32,598,000	None	None	None	None
Interchange (out)	16,291,100	18,622,500	815,000	None	None	None	None
System peak load k.w.	109,520	100,580	84,100	97,850	90,010	76,880	
Includes rural.							

INCOME ACCOUNTS

COMPARATIVE INCOME ACCOUNT, YEARS ENDED DEC. 31
(Accounts taken from reports to Federal Power Commission)

	1944	1943	1942	1941	1940	1939	1938
Total operating revenue	\$11,205,728	\$10,199,969	\$9,724,417	\$9,118,975	\$8,641,568	\$8,393,333	\$8,071,482
Operating expenses	5,064,149	5,038,420	3,899,680	3,661,703	3,518,361	3,355,232	2,968,057
Maintenance	424,250			345,559	300,000	240,000	271,228
Depreciation	730,000	730,000	730,000	680,000	630,000	630,000	580,000
Federal income taxes	588,109	615,770	598,889	571,683	409,812	295,371	320,061
State income taxes	2,445	2,541	2,297	2,907	2,967	3,279	3,869
Other taxes	1,189,306	1,191,346	1,099,469	1,070,952	1,033,007	1,000,655	973,034
Federal excess profits tax	4,466,575	127,160	392,916	150,954			
Amort. of lim.-term util. inv.	9,297	10,021	9,438	9,525	13,600	23,340	23,827
Total oper. rev. deductions	6,474,131	7,715,270	7,147,170	6,493,524	5,907,746	5,547,877	5,146,500
Net operating revenue	2,731,068	2,704,696	2,577,247	2,625,451	2,733,822	2,845,457	2,924,990
Other income	7,447	1,864	1,326	5,007	1,312	1,828	11,962
Gross income	2,739,115	2,706,563	2,578,573	2,626,658	2,735,135	2,847,285	2,936,952
Interest on long term debt	952,500	952,500	952,500	952,500	952,500	952,500	952,501
Amortiz.—debt disc. & exp., net	2,79,691	79,691	79,691	79,691	79,691	79,691	79,691
Other interest charges	12,410	9,415	13,186	12,021	9,833	8,898	9,383
Taxes assumed on interest	3,159	2,825	2,593	2,591	2,559	2,605	
Int. charged to construction	cr 2,475	cr 1,513	cr 3,489	cr 11,065	cr 3,320	cr 1,445	cr 22,300
Other deductions	59,216	36,802	24,449	19,676	20,616	19,437	20,000
Total income deductions	1,104,501	1,079,721	1,038,964	1,053,415	1,061,379	1,064,574	1,039,684
Net income	1,634,613	\$1,626,862	\$1,539,609	\$1,573,243	\$1,673,756	\$1,782,711	\$1,897,268
Earned surplus, begin. of year	4,766,887	4,539,125	4,398,616	4,424,073	4,399,817	4,416,206	4,368,038
Total credits	6,401,500	6,165,987	5,938,225	5,997,716	6,073,573	6,198,917	6,265,306
Preferred dividends	499,100	499,100	499,100	499,100	499,100	499,100	499,100
Common dividends	200,000	900,000	900,000	1,100,000	1,150,000	1,300,000	1,350,000
Miscellaneous debits to surplus	\$5,350,193						
Earned surplus, Dec. 31	\$322,295	\$4,766,867	\$4,539,125	\$4,398,616	\$4,424,473	\$4,399,817	\$4,416,206

1. Depreciation claimed and allowed for income tax purposes: 1944 and 1943, not stated; 1942, \$1,058,692; 1941, \$1,046,447; 1940, \$1,033,132.

2. Includes \$12,000 transfer from reserve for uncollectibles.

3. Includes \$25,000 applicable to refunded issues.

4. After deducting post-war refund of \$51,842.

5. Represents write-off of electric plant adjustments, in accordance with FPC order.

BALANCE SHEETS

COMPARATIVE BALANCE SHEET, AS OF DEC. 31
(Accounts taken from reports to Federal Power Commission)

	1944	1943	1942	1941	1940	1939	1938
ASSETS							
Total utility plant	\$33,360,214	\$40,630,582	\$40,580,201	\$39,680,847	\$38,408,934	\$38,389,709	\$37,966,075
Other investments	3,500	3,500	3,500	3,500	12,430	12,430	18,708
Total inv. & fund accounts	3,500	3,500	3,500	3,500	12,430	12,430	18,708
Cash	871,002	487,812	231,851	280,040	356,110	344,538	420,640
Special deposits	5,301	4,011	3,516	2,763	3,090	3,447	2,328
Working funds	5,500	5,500	5,500	5,500	5,500	5,500	5,500
Temporary cash investments	1,450,000	335,000			99,792	99,974	
Notes receivable				200			250
Accounts receivable	624,385	739,313	787,401	899,399	851,840	793,159	740,632

BALANCE SHEETS (cont'd)

	1944	1943	1942	1941	1940	1939	1938
ASSETS							
Receivables from assoc. cos.	---	22,021	1,688	---	---	---	---
Materials and supplies	77,850	670,085	812,235	768,763	566,632	518,816	504,309
Prepayments	245,451	134,321	122,207	122,207	123,960	126,333	111,652
Other current & acc'r. assets	31,381	51,242	3,988	67,321	16,540	1,650	2,386
Total current & acc'r. assets	4,234,250	2,450,136	1,993,370	2,167,192	2,023,265	1,894,417	1,787,750
Unamortized debt disc. & exp.	31,376,971	1,456,663	1,536,354	1,616,046	1,695,737	1,775,428	1,855,120
Post-war tax refund	51,842	---	---	---	---	---	---
Misc. deferred debits	4,009	6,372	3,603	2,251	---	---	22,712
Total deferred debits	1,432,822	1,463,034	1,539,957	1,618,296	1,695,737	1,775,428	1,877,833
Contra assets	9,302	9,069	7,222	8,947	8,947	10,080	---
Capital stock discount & expense	650,342	---	---	---	---	---	---
Reacquired securities	---	47,700	67,700	67,700	67,700	67,700	67,700
Total assets	\$41,690,451	\$44,654,021	\$44,177,950	\$43,506,462	\$42,254,912	\$42,129,765	\$41,638,096
LIABILITIES							
Common stock	\$5,000,000	\$5,000,000	\$5,000,000	\$5,000,000	\$5,000,000	\$5,000,000	\$5,000,000
Preferred stock (\$20)	7,432,300	7,500,000	7,500,000	7,500,000	7,500,000	7,500,000	7,500,000
Total capital stock	12,432,300	12,500,000	12,500,000	12,500,000	12,500,000	12,500,000	12,500,000
Bond debt	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000
Notes payable	---	---	100,000	500,000	---	---	---
Accounts payable	199,433	130,784	141,833	142,215	96,755	102,460	109,521
Payables to assoc. cos.	---	151,141	140,703	100,354	22,300	7,189	7,240
Customers' deposits	161,290	---	---	---	161,009	164,393	166,172
Taxes accrued	1,598,280	1,184,722	1,356,864	1,634,215	730,571	579,402	578,843
Interest accrued	180,601	176,025	171,558	172,151	179,194	176,370	175,250
Other current liabilities	82,820	70,611	72,202	72,430	121,546	115,678	107,710
Total current & acc'r. liabilities	2,222,424	1,722,065	2,013,153	2,099,370	1,311,376	1,145,492	1,136,284
Customers advances for construction	27,251	35,334	60,814	60,571	3,364	2,433	2,393
Other deferred credits	40,431	---	---	---	---	---	0,726
Total deferred credits	68,082	35,333	60,814	60,571	3,364	2,433	12,122
Reserve for property retirements	6,335,864	5,338,600	4,786,643	4,181,955	3,729,356	3,853,663	3,403,595
Res. amort. of long-term elec. inv.	122,853	119,817	105,110	95,668	---	---	---
Res. for uncollectible accounts	68,991	58,625	69,972	69,972	---	---	---
Injuries and damages reserve	35,942	50,657	56,591	72,400	91,582	52,317	53,880
Other reserves	29,844	25,482	38,505	32,858	63,332	90,730	---
Total reserves	6,569,495	5,587,164	5,037,028	4,432,756	3,985,715	4,052,543	3,533,520
Contrib. in aid const.	26,640	23,365	21,080	16,109	13,015	9,278	7,471
Contra liabilities	9,302	9,069	7,222	8,947	8,947	10,080	---
Capital surplus	---	---	10,122	10,122	10,122	10,122	10,122
Earned surplus	322,208	4,766,687	4,539,125	4,398,816	4,424,673	4,398,817	4,416,293
Total surplus	322,208	4,777,009	4,549,248	4,409,739	4,434,595	4,409,939	4,426,329
Total liabilities	\$41,690,451	\$44,654,021	\$44,177,950	\$43,506,462	\$42,254,912	\$42,129,765	\$41,638,096
Net current assets	\$2,011,826	\$724,051	\$19,788	\$67,422	\$711,889	\$748,923	\$651,324

1. Represented by: (a) 1944, 51,962 shares 7% and 2,361 shares 8% preferred; prior years, 52,000 shares 7% and 23,000 shares 8% preferred; (b) 1939-44, 1,000,000 no par common shares.

2. The 7% preferred and 439 6% preferred shares.

3. Includes amounts applicable to refunded issues, \$382,000 over life of refunding issue and \$22,000 over a period to 1948.

4. Comprised of tangible electric plant, at original cost, \$2,323,192; intangibles, \$2,931,041; total, \$5,254,233. See also General Note below.

FINANCIAL & OPERATING RATIOS

	1944	1943	1942	1941	1940	1939	1938
ELECTRIC							
Residential sales % of total	18.00	17.9	28.3	25.4	24.2	20.5	20.6
Industrial sales % of total	---	---	---	---	---	38.9	---
Residential revenues % of total	35.7	36.0	41.0	39.7	37.7	38.4	37.0
Industrial revenues % of total	---	---	---	---	---	18.6	---
Res. average rate per k.w.h.-cents	3.49	3.54	2.78	3.22	3.25	3.96	4.15
Com. average rate per k.w.h.-cents	---	---	---	---	---	3.70	---
Ind. average rate per k.w.h.-cents	---	---	---	---	---	1.04	---
Res. average cust. use (k.w.h.)	1,297	1,212	1,616	1,320	1,267	998	954
INCOME ACCOUNT							
% Deprec. of gross operating revenue	6.5	7.0	7.5	7.8	7.3	9.5	7.2
% Maint. of gross operating revenue	2.8	3.3	4.3	3.8	2.8	2.4	3.4
% Annual deprec. to total plant	2.06	1.79	1.80	1.71	1.60	1.66	1.53
% Net oper. revenue to net plant	9.5	7.7	7.2	7.0	7.9	9.0	6.5
Operating ratio-%	66.2	66.9	63.3	63.2	63.8	62.5	59.8
Times engs. earn. before inc. taxes	3.44	3.20	3.44	3.18	2.97	2.89	3.16
Times chgs. earn. after inc. taxes	2.48	2.51	2.48	2.49	2.58	2.68	2.82
Times engs. & pfd. dividend earned	1.71	1.71	1.68	1.69	1.73	1.82	1.91
Times preferred dividends earned	3.28	3.26	3.08	3.15	3.35	3.57	3.80
Earned per share, preferred	\$21.33	\$21.63	\$20.66	\$21.11	\$22.46	\$23.92	\$25.49
Earned per share, common	\$1.14	\$1.15	\$1.04	\$1.07	\$1.17	\$1.23	\$1.40
Number of shares-7% preferred	51,962	51,962	51,962	51,962	51,962	51,962	51,962
8% preferred	22,561	22,561	22,561	22,561	22,561	22,561	22,561
Common	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000

BALANCE SHEET

% total capitalization represented by:							
Mortgage debt	50.3	44.3	44.6	44.7	44.7	44.8	44.6
Other debt	10.7	9.4	9.4	3.5	9.5	9.5	9.5
Preferred stock	22.7	20.0	20.2	20.3	20.2	20.2	20.3
Common stock & surplus	16.3	26.3	25.8	25.5	25.6	25.5	25.4
% mortgage debt to depreciated plant	57.1	46.7	46.8	46.3	47.5	47.8	47.8
% all debt to depreciated plant	69.2	56.7	55.9	56.4	57.6	57.9	57.8
Ratio gross plant to gross revenues	3.2-1	3.8-1	4.2-1	4.3-1	4.5-1	4.6-1	4.7-1
% deprec. reserve to gross plant	17.9	11.7	11.8	10.3	9.7	10.0	8.8
PRICE RANGES:							
First 4 mos. 1981	111-106 1/4	110 1/2-107	111-106 1/4	112-107	111 1/2-106 1/4	111 1/2-107 1/4	110 1/2-107 1/4
Debiture Co. 2022	120-114 1/4	117 1/2-114	124 1/2-113	124-114 1/4	123 1/2-120	125-114 1/4	126 1/2-111
7% Cumulative preferred	114-105 1/4	114-104 1/4	118-102 1/4	115 1/2-109 1/4	117 1/2-110 1/4	117-102	114-102 1/4
6% Cumulative preferred	108 1/2-104	106-100	105-95 1/4	115-106	114-110	110-101	106 1/2-95

FUNDED DEBT

1. Nebraska Power Co. first mortgage gold 4 1/2% series due 1981:

Rating-Aa

OPEN MORTGAGE-J&D and outstanding, Dec. 31, 1944, series due 1981, \$16,500,000.

DATED-June 1, 1931.

MATURITY-June 1, 1981.

INTEREST PAID-J&D 1. at office of trustee and at Harris Trust & Savings Bank, Chicago.

TRUSTEE-Guaranty Trust Co., New York.

DENOMINATION-Coupon, \$1,000; registered \$1,000 or authorized multiples.

CALLABLE-As a whole or in part on 30 days' notice at any time to each June 1, incl., as follows:

1941-106 1/4 1946-105 1950-104 1/4
1954-104 1958-103 1/4 1962-103
1966-102 1/4 1970-102 1974-101 1/4
1978-101 1981-100

SINKING FUND-No provision.

SECURITY-A first mortgage on all fixed property and franchises now owned by company. Property includes the Omaha steam-electric generating station with an installed capacity of 98,000 k.w., more than 500 miles

of high voltage transmission lines and more than 1,200 miles of electric distribution system.

ADDITIONAL BONDS-May be issued in this or other series (a) against properties as existing on May 31, 1931 to a total not exceeding \$4,500,000; (b) for refunding bonds issued hereunder; (c) for cash, and (d) for not more than 75% of cost or value of property additions made subsequent to May 31, 1931, provided, except for bonds issued for refunding purposes, net earnings for twelve out of fifteen months next preceding have been equal to

either 11) twice annual interest requirements on or 12) 11% of all bonds outstanding and to be issued. No bonds may be issued on basis of property additions subject to prior liens unless provision is made for redemption, payment and/or satisfaction of such prior liens. Bonds issued hereunder upon basis of specially classified properties shall not at any time exceed 20% of bonds issued hereunder. MODIFICATION OF INDENTURE—Modification of the mortgage is permitted with consent of company and of holders of at least 85% of bonds outstanding.

PURPOSE—To provide for redemption of \$1,550,000 first mortgage bonds due 1949, for additional to property and for other purposes. TAX STATUS—Company does not assume or refund any state or federal taxes.

LEGAL—For savings banks in Maine, New Hampshire, New Jersey, Rhode Island and Washington.

LISTED—Unlisted trading on New York Curb Exchange.

OFFERED—\$14,500,000 at 102½ in May, 1931, by Harris, Forbes & Co. and Bonbright & Co., Inc., New York, and Coffin & Burr, Inc., Boston.

PRICE RANGE—1944 1943 1942
115-191½ 111-106¼ 110¾-107 111-106½
2. Nebraska Power Co. debenture gold 6%, series A, due 2022.

Rating—A
OPEN INDENTURE—Issued and outstanding, Dec. 31, 1944, series A, \$3,500,000.

DATED—September 1, 1922.

MATURITY—September 1, 2022.

INTEREST PAID—M&S 1 at office of trustee.

TRUSTEE—Chemical Bank & Trust Co., New York.

DENOMINATION—\$100, \$500, \$1,000 and \$5,000; registrable as to principal.

CALLABLE—On and after Sept. 1, 1947, and up to Feb. 28, 2017, inclusive, at any time upon 30 days' notice at 110; thereafter at par.

Upon liquidation or dissolution of the company, the series A bonds become due and payable at 110% if such event occurs prior to March 1, 2017, and at their principal amount, if such event occurs thereafter, except, however, bonds will not become payable in the event of dissolution following assumption of the bonds by a successor corporation.

SECURITY—A direct obligation of the company but not secured by mortgage.

ADDITIONAL BONDS—May be issued in series bearing such rates of interest, maturing on such dates and redeemable on such terms, as the company may determine prior to the issue thereof. No additional debenture bonds may be issued unless the net income applicable to interest charges for twelve consecutive calendar months within the preceding fifteen calendar months, shall have been not less than twice all annual interest charges, including interest on the debenture bonds then to be issued, but excluding indebtedness to be concurrently paid off with proceeds of sale of capital stock and/or debentures to be issued.

TAX STATUS—Pennsylvania tax not exceeding 4 mills refunded. Company pays normal income tax up to 2%.

LISTED—Unlisted trading on New York Curb Exchange.

OFFERED—\$3,500,000 at 90¼ in Sept., 1922, by Bonbright & Co., Inc., W. C. Langley & Co., and Tucker, Anthony & Co., New York.

PRICE RANGE—1944 1943 1942
120-114¼ 117¼-114 124¼-113

CAPITAL STOCK

1. Nebraska Power Co. 7% cumulative preferred; par \$100.

AUTHORIZED—150,000 shares (increased from 100,000 shares Feb. 8, 1928); issued, 56,962; outstanding, 51,962 shares; in treasury, 5,000 shares; par \$100.

DIVIDEND RIGHTS—Has equal preference with 6% preferred (No. 2) as to cumulative dividends at rate of 7% per annum.

DIVIDEND RECORD—Initial dividend paid Sept. 1, 1917; regular dividends paid quarterly, March 1, etc., to stock of record about Feb. 17, etc.

VOTING RIGHTS—One vote per share.

LIQUIDATION RIGHTS—Has equal preference with 6% preferred (see No. 2 below) as to assets and in liquidation entitled to \$100 per share and accrued dividends.

CALLABLE—On any dividend date on 30 days' notice at 110.

LISTED—Unlisted trading on New York Curb Exchange.

TRANSFER AGENT—United States National Bank, Omaha, Neb.

REGISTRAR—First National Bank, Omaha, Neb.

PRICE RANGE—1944 1943 1942
114-105¼ 114-104¼ 118-102¼
7% preferred

2. Nebraska Power Co. 6% cumulative preferred; par \$100.

AUTHORIZED—100,000 shares; issued and outstanding, 22,581 shares; par \$100.

DIVIDEND RIGHTS—Has equal preference with 7% preferred (No. 1) as to cumulative dividends at the rate of 6% per annum.

DIVIDEND RECORD—Initial dividend of 1½% paid March 1, 1930. Regular dividends paid quarterly, Mar. 1, etc. to stock of record Feb. 17, etc.

VOTING RIGHTS—One vote per share.

LIQUIDATION RIGHTS—Has equal preference with 7% preferred (see No. 1) as to assets and in liquidation entitled to \$100 per share and accrued dividends.

CALLABLE—On any dividend date on 30 days' notice at 110.

TRANSFER AGENT—United States National Bank, Omaha, Neb.

REGISTRAR—First National Bank, Omaha, Neb.

OFFERED—To customers (\$1,000,000) in Nov., 1929, and (\$1,000,000) in Jan., 1931.

PRICE RANGE—1944 1943 1942
6% preferred 106½-104 108-100 105-95¼

Proposed Preferred Redunding: Company has asked the State Railway Commission, the FPC and the SEC. for permission to sell \$7,000,000 2½% notes to retire preferred stock as of Sept. 1, 1945, at a call price of \$110 a share.

Company proposes to put up \$7,000,000 in first mortgage bonds as collateral security for the notes, proceeds from sale of which would be used to retire 6% and 7% preferred stocks now outstanding.

3. Nebraska Power Co. common; no par.

AUTHORIZED—2,000,000 shares; outstanding, 1,000,000; no par (changed from \$100 par to no par, Feb. 8, 1926, 20 no par shares issued for each \$100 share).

VOTING RIGHTS—One vote per share.

OWNERSHIP—All owned by Omaha Electric Committee, Inc. (see "Control" above).

DIVIDEND RESTRICTION—Omaha Electric Committee, Inc. has agreed that it will not permit to be paid any dividends or distribution on company's common stock, except to obtain funds for payment of operating expenses (not in excess of \$50,000 per annum), trustees' fees and taxes.

CALIFORNIA WATER SERVICE COMPANY

CAPITAL STRUCTURE

FUNDED DEBT

Issue
1. 1st 4s. B, 1961

CAPITAL STOCK

Issue
1. 6% cumulative preferred, A & B...

2. Common

Range since 1940 for series A. Range since 1936.

Rating	Amount	Times	Charges	Interest	Call	Price	Range
A	Outstanding	1944	1943	M&N 1	See text	1944	1932-44
	\$11,882,000	2.76	2.63			109½-106½	1110-99
Value	Amount	Earned per Sh.	Divs. per Sh.	1944	1943	1944	1932-44
23	139,000 shs.	\$3.63	\$4.09	\$1.50	\$1.50	\$26.25	28¼-27½
23	116,568 shs.	2.54	3.08	2.00	2.00		1129½-24½

HISTORY

Incorporated in California, Dec. 21, 1926, and subsequently acquired and merged Fresno City Water Corp., Bakersfield Water Works, Electric Water Co., Hermosa, Redondo Water Co., Port Costa Water Co., Hanford Water Co., Bay Point Utilities Co., Marysville Water Co., Visalia City Water Co., Chico Water Supply Co., Chico-Vechno Water Co., W. E. White Water Works, Belvedere Water Corp., Petaluma Power & Water Co., Tuxedo Water Co. of Stockton, and water departments of Pacific Gas & Electric Co. located at Stockton, Redding, Willows, Livermore, Dixon and Oroville. In July, 1931, acquired Pacific Water Co., San Carlos Water Co. and Los Altos Water Co. In June, 1936, acquired Bear Gulch Water Co. Acquired in 1941 property of several small mutual and other water companies operating in territory contiguous to existing service areas, including Sierra Water Service Co., San Carlos.

In Aug., 1941, company sold its Redding properties to the City of Redding, which, in May, 1939, had installed a duplicate distribution system in direct competition with the company. Sale was effected at a loss to company of \$204,240.

On Mar. 29, 1945, General Water Gas & Electric Co., former parent, sold entire common

stock investment (116,568 shares) in company for \$3,870,058 cash.

MANAGEMENT

Officers
Ralph Elman, Pres. & Gen. Mgr.
F. L. Dodge, Vice-Pres., Asst. Gen. Mgr.
C. F. Mau, Vice-President
J. H. Jamison, Vice-President
H. E. Hulick, Vice-Pres. & Treas.
H. F. Keller, Secretary
R. E. Shupe, Asst. Sec. & Asst. Treas.

Directors
Earl C. Elliott, San Francisco, Calif.
Ralph Elman, San Jose
A. Crawford Greene, San Francisco
R. C. Leib, San Jose, Calif.
C. M. O'Brien, San Jose, Calif.
F. J. Oehler, San Jose, Calif.
E. N. Richmond, San Jose, Calif.
A. R. Thompson, San Jose, Calif.
E. B. Walthall, San Mateo, Calif.

Auditors: Peat, Marwick, Mitchell & Co.

Annual Meeting: First Wednesday in April.

No. of Stockholders: Apr. 15, 1945: Preferred,

1,903; common, 5.

No. of Employees: Dec. 31, 1944, 282.

Office: 374 West Santa Clara St., San Jose 8, Calif.

BUSINESS

Engaged in production, gathering, storage, purification, distribution and sale of water for domestic, industrial, public and irrigation uses, and for fire protection in or to 30 cities and communities and adjacent territory all in State of California. Estimated population of area served, 448,365.

Number of consumers, as of Dec. 31, 1944, 100,733. The water supplies are derived principally from systems of driven wells.

PROPERTIES

Total production capacity is 175,500,000 gals. daily, which compares with an average daily consumption of about 62,963,000 gals. The total storage capacity (exclusive of Contra Costa development where an artificial reservoir, holding 970,000,000 gallons of water, has been constructed) is about 368,858,850 gals., which is maintained for reserve and pressure equalizing purposes.

REGULATION

Company is subject to regulation by the Railroad Commission of the State of California in matters relating, among other things, to rates, dues, service, acquisition and sale of properties and issuance of securities.

STATISTICS

1944	1943	1942	1941	1940	1939	1938
Miles of mains	1,522	1,508	1,494	1,471	1,427.6	1,333
Hydrants	5,169	5,003	4,879	4,819	4,674	4,557
Services	111,667	108,436	105,391	104,020	89,837	88,811
Meters (active)	78,948	77,306	76,266	72,941	68,606	63,051
Aver. daily consumption (gals.)	62,963,000	55,548,000	53,212,000	54,140,000	54,456,000	53,537,000

INCOME ACCOUNTS

1944	1943	1942	1941	1940	1939	1938
Operating revenues	\$3,648,465	\$3,393,641	\$3,057,839	\$2,871,037	\$2,770,049	\$2,537,713
Operating expenses	1,522,920	1,355,536	1,209,094	1,153,899	1,096,576	1,000,083
Gen. & engineering exp. chgd. to construction (cr)	35,410	34,722	41,535	47,723	47,247	51,367
Maintenance	144,871	133,704	104,477	107,469	96,220	102,612
General taxes	264,614	262,389	245,171	249,595	218,745	216,267
Depreciation	6,354,388	6,338,886	323,598	312,374	300,582	280,491

1944	1943	1942	1941	1940	1939	1938
Net earnings	\$1,397,047	\$1,337,948	\$1,217,034	\$1,095,423	\$1,084,464	\$929,627
Operating ratio	61.71%	60.58%	60.20%	61.85%	62.18%	63.37%
Other income	12,860	12,089	11,432	7,798	8,415	8,135

1944	1943	1942	1941	1940	1939	1938
Total income	\$1,409,943	\$1,349,937	\$1,228,466	\$1,103,221	\$1,092,880	\$937,762

Maintenance Fund—Of at least 10% of annual gross earnings to be reserved or expended by company, through its subsidiaries, for maintenance, renewals, replacements and/or depreciation, against which no additional bonds may be issued.

Purpose—Issued in connection with acquisition of properties and for other corporate purposes.

Tax Status—Certain California, Connecticut, District of

Columbia, Iowa, Kansas, Kentucky, Maryland, Massachusetts, Michigan, Minnesota, New Hampshire, Oregon, Pennsylvania, Virginia and Washington taxes refunded. Company pays normal income tax up to 2%.

Offered—(\$1,800,000) at 98 in April, 1928 and (\$1,300,000) at 94 1/2 in February, 1929, by P. W. Chapman & Co., Inc., New York.

Rating, C

Table B—Stock Records.

	Rate of Dividend	Authorized	Outstanding	Four Year Average Income	Dividend Requirement	Solvency	Rating
1. Union Utilities, Inc. 37 cum. pfd.	\$7 per sh.	100,000 sh.	717 sh.		\$5,018	Limited	B
2. Union Utilities, Inc. class A common	\$2 per sh.	500,000 sh.	5,000 sh.	\$311,899	10,000	Fair	C
3. Union Utilities, Inc. class B common		500,000 sh.	250,000 sh.			Good	C

1. Union Utilities, Inc. 37 cum. first preferred series A: Authorized, 100,000 shares; outstanding, 717 shares; no par. Has first preference as to assets and dividends. Regular dividends paid. Further details, not available.

2. Union Utilities, Inc. class A common: Authorized, 500,000 shares; outstanding, 5,000 shares; no par.

Has second preference as to assets and dividends of \$2 per share. After class B has received \$2 per share, both classes participate equally as a class up to \$6, after which all payments are made on class B. In liquidation entitled to \$75 per share if voluntary and to \$50 per share if involuntary. Callable as a whole or in part at any time on 30 days' notice at \$75 per share. Initial dividend of 50 cents per share paid Jan. 2, 1929. Dividends payable, quarterly, Jan. 2, etc.

3. Union Utilities, Inc. class B common: Authorized, 500,000 shares; outstanding, 250,000 shares; no par. Dividends, if any, not reported.

Transfer Agent: Chemical Bank & Trust Co., New York.

COUNCIL BLUFFS GAS COMPANY

(Controlled by Union Utilities, Inc.)

History: Incorporated in Delaware April 14, 1928, to acquire and operate gas manufacturing and distributing system, formerly owned by Citizens Gas & Electric Co. of Council Bluffs (see general index), serving Council Bluffs, Iowa. System includes gas plant with daily capacity of over 4,500,000 cu. ft., two gas holders with combined storage capacity of 300,000 cu. ft., 97.4 miles of city mains, and 8,372 consumers' meters. Managed by Union Management & Engineering Corp.

Management: OFFICERS: H. G. Scott, Pres.; B. L. Johnson, Vice-Pres.; New York, N. Y.; E. F. Berberich, Sec.; H. H. Lyons, Treas. DIRECTORS: H. G. Scott, B. L. Johnson, P. W. Chapman, R. E. Swart, New York; E. Tinley, Council Bluffs, Ia. ANNUAL MEETING: First Thursday in Mar. in New York. EXECUTIVE OFFICE: 46 Cedar St., New York. OPERATING OFFICE: Council Bluffs, Iowa.

Comparative Operating Statistics, Years Ended Dec. 31

	1928	1927	1926	1925
Miles of main	97.4	94.3	93	91
Consumers	8,372	8,361	8,293	7,970
Population	45,000	45,000	41,000	39,000

Comparative Income Account, Years Ended Dec. 31

	1928	1927	1926	1925
Operating revenue	\$333,601	\$325,887	\$320,063	\$309,254
Operating expenses	165,269	159,399	164,502	166,350
Maintenance	12,442	15,013	14,747	13,324
Taxes (state, local, etc.)	21,079	19,011	19,406	17,342

† Net operating revenue \$134,811 \$122,444 \$121,800 \$112,240

† Before depreciation, Federal income tax, interest deductions, etc. * Council Bluffs Gas Works.

Comparative Balance Sheet, as of

ASSETS:	Dec. 31, '28	† June 1, '28	LIABILITIES:	Dec. 31, '28	June 1, '28
Fixed assets	\$2,093,409	\$2,077,789	Common stock	\$180,000	\$180,000
Cash	6,048	65,000	Funded debt	1,750,000	1,750,000
Accounts receivable	116,815	30,000	Consumers' deposits	8,065	8,400
Materials and supplies	21,019	20,400	Accounts payable	6,012	
Prepayments	1,847	406	Accruals	37,590	
Deferred charges	116,176	134,500	Res. for deprec. & bad debts	235,082	222,620
			Surplus	168,563	197,075
Total	\$2,355,312	\$2,328,095	Total	\$2,355,312	\$2,328,095

† Pro forma, giving effect to acquisition and financing.

Table A—Bond Records	Interest Payable	Maturity	Authorized	Outstanding	Four Year Average Income	Interest Required Per Annum	Times Interest Earned	Security	Solvency	Rating
1. Council Bl. Gas Co. 1st 5s.	M&N	My. 1948	Open	\$1,200,000	\$122,701	\$60,000	2.0	Good	Good	Ba
2. Council Bl. Gas Co. 5 1/2% nts.	M&N	My. 1930	\$550,000	550,000	62,701	30,250	1.4	Unsec.	Fair	Ba

NOTE: "Times Interest Earned" on notes is based on interest requirement plus interest on underlying bonds.

3. Council Bluffs Gas Co. first gold 5s, series of 1928:

Open Mortgage—Outstanding, series of 1928, \$1,200,000.

Dated—May 1, 1928; due May 1, 1948.

Interest Paid—M&N 1 at company's office or agency in New York or Chicago.

Trustee—Chemical Bank & Trust Co., New York.

Denomination—Coupon, \$500 and \$1,000; interchangeable; registerable as to principal.

Callable—As a whole or in part on any interest date on

80 days' notice at 105 to May 1, 1932, inclusive, at 105 to May 1, 1936, inclusive, at 101 to November 1, 1937, inclusive, and thereafter at par.

Secured—By a first mortgage on entire fixed physical properties.

Additional Bonds—May be issued up to 80% of cost or value of physical property additions provided net income for twelve consecutive calendar months within fifteen calendar months next preceding has been at least 1 1/2 times

Great Falls and vicinity. Company's transmission lines aggregate about 1,158 miles, conveying power to Butte, Anaconda, Havre, Lewistown and intermediate towns. The company also owns water powers on the Missouri River, near the City of Great Falls capable of generating 80,000 h. p. Population served, 75,000.

Management: OFFICERS: J. D. Ryan, Pres.; Frederick Strauss, W. D. Thornton, Vice-Pres., New York; F. M. Kerr, Vice-Pres. and Gen. Mgr., Butte, Mont.; J. F. Denison, Sec. and Treas., New York; S. P. Hogan, Asst. Sec. in Montana; J. R. Thomas, Asst. Treas. in Montana. DIRECTORS: F. W. Allen, S. Z. Mitchell, J. D. Ryan, Frederick Strauss, C. H. Sabin, W. D. Thornton, A. H. Wiggin, New York. GENERAL AUDITORS: Price, Waterhouse & Co. ANNUAL MEETING: Second Tuesday in Oct. OFFICE: 25 Broadway, New York.

Comparative Income Account, Years Ended Dec. 31

	1927	1926	1925	1924	1923	1922
Gross earnings	\$4,625,183	\$4,565,149	\$4,051,465	\$3,761,656	\$3,686,544	\$3,121,897
Operating expenses and taxes	2,591,872	2,526,940	2,205,018	1,971,284	1,995,971	1,581,891
Net earnings	\$2,033,311	\$2,038,209	\$1,846,447	\$1,790,372	\$1,690,573	\$1,539,806
Operating ratio	56.04%	55.35%	54.43%	52.40%	54.14%	50.67%
Other income	7,880	86,220	46,679	39,697	56,276	45,749
Total income	\$2,041,191	\$2,124,438	\$1,893,126	\$1,830,069	\$1,746,849	\$1,585,555
Interest charges, etc.	468,527	498,169	463,564	473,545	483,254	492,537
Balance	\$1,572,664	\$1,626,269	\$1,429,562	\$1,356,524	\$1,263,595	\$1,093,018
Margin of safety	77%	77%	76%	74%	72%	68%
Depreciation	100,000	100,000	75,000	75,000	75,000	50,000
Balance	\$1,472,664	\$1,526,269	\$1,354,562	\$1,281,524	\$1,188,595	\$1,043,018
Preferred dividends	46,260	46,260	46,260	46,260	46,260	46,260
Common dividends	1,000,000	1,500,000	1,250,000	1,000,000	1,000,000	1,000,000
Surplus	\$426,404	D \$19,991	\$58,302	\$235,264	\$142,335	D \$3,242

Comparative Balance Sheet, as of Dec. 31

ASSETS:	1927	1926	LIABILITIES:	1927	1926
Plant and equipment	\$23,746,715	\$22,895,634	Preferred stock	\$771,000	\$771,000
Securities of other cos.	5,000	5,000	Common stock	10,000,000	10,000,000
Materials and supplies	30,140	28,620	Funded debt	9,672,000	9,886,000
Accounts receivable	456,379	896,682	Accounts payable	766,739	359,780
Cash	209,048	215,718	Accrued interest	100,425	100,425
Sinking fund	2,216	1,293	Reserve for depreciation, etc.	494,501	565,871
Deferred charges	139,773	181,250	Surplus	2,784,606	2,541,121
Total	\$24,589,271	\$24,224,197	Total	\$24,589,271	\$24,224,197

Bonded Debt: 1. Great Falls Power Co. first sinking fund gold 5s: Authorized, \$15,000,000; outstanding, \$2,621,000; pledged under Montana Power Co. 1st and ref. 5s of 1943, \$7,051,000; in sinking fund, \$2,379,000. Dated May 1, 1911; due May 1, 1940. Company pays normal income tax up to 2%. For details and rating, see Table A of Montana Power Co.

Capital Stock: 1. Great Falls Power Co. 6% cum. preferred: Authorized, \$5,000,000; outstanding, \$771,000; par \$100. All owned by the Montana Power Co. Regular dividends paid quarterly, March 1, etc.

2. Great Falls Power Co. common: Authorized, \$10,000,000; outstanding, \$10,000,000; par \$100. All common (except directors shares) owned by Montana Power Co. Initial dividend of 1½% paid in Nov., 1911; 1912, 3%; 1913, 7%; 1914, 7%; 1915, 7½%; 1916 to 1918, incl., 10%; 1919, 18%; 1920, 13%; 1921 to 1924, incl., 10%; 1925, 10% and 2½% extra; 1926, 10% and 5% extra; 1927, 10%.

NEBRASKA POWER COMPANY

(Controlled by American Power & Light Co.)

History: Incorporated under laws of Maine, April 23, 1917, as successor company to Omaha Electric Light & Power Co., incorporated June 25, 1903. Company controls the Citizens Gas & Electric Co., of Council Bluffs, Iowa, through ownership of entire capital stock, except directors' shares. By decision of U. S. Supreme Court it was held that the company has a franchise right, unlimited as to time, to distribute electricity for power, lighting and heating purposes. Nebraska Power Co. supplies substantially all the electric power and light service in Omaha and 34 adjacent communities and through its subsidiary, the Citizens Gas & Electric Co. of Council Bluffs, the entire electric power and light service in Council Bluffs, Iowa. Owns steam generating station in Omaha with total installed capacity of 73,000 k.w. Company operates the electric distribution systems formerly owned by Omaha & Lincoln Railway & Light Co. and Platte Valley Power Co. The population served by the Nebraska Power Co. (not including Council Bluffs), is in excess of 233,000; Council Bluffs, Iowa, 41,000.

Control: Company is controlled by American Power & Light Co. through ownership of majority of outstanding common shares, and under supervision of Electric Bond & Share Co.

Management: OFFICERS: W. W. Head, Pres.; J. E. Davidson, Vice-Pres. and Gen. Mgr., Omaha, Neb.; E. W. Hill, A. S. Grenier, Vice-Pres., New York; S. E. Schweitzer, Sec. and Treas.; F. J. Moylan, Asst. Sec. and Asst. Treas., Omaha, Neb.; A. C. Ray, G. J. Hickman, Asst. Treas.; E. P. Summerson, H. L. Martin, Asst. Sec., New York. DIRECTORS: A. W. Gordon, Joseph Barker, J. E. Davidson, Gould Dietz, T. B. Coleman, F. E. Hovey, H. G. Conant, D. A. Johnson, J. W. Welch, G. C. Wharton, Roy Page, J. A. C. Kennedy; W. W. Head, Omaha, Neb.; A. S. Grenier, C. F. Groesbeck, New York. ANNUAL MEETING: First Monday in April. MAIN OFFICE: Omaha, Neb. NEW YORK OFFICE: 2 Rector St.

Comparative Operating Statistics, Years Ended Dec. 31

	1927	1926	1925	1924	1923	1922
Electric customers	61,443	56,623	55,238	52,912	49,691	46,275
Generating capacity (k.w.)	73,691	73,000	73,000	73,000	53,000	53,000
Electric output (M k.w.h.)	201,094	187,053	177,234	166,111	160,625	140,273
Miles of elec. distr. system	816	637	602	609	577	552
Miles of transmission lines	252	115	91	78	69	68

* Part of system rebuilt for operation at 13,200 volts.

Comparative Income Account, Years Ended Dec. 31

	1927	1926	1925	1924	1923	1922
Gross earnings	\$4,876,387	\$4,397,178	\$4,165,173	\$3,939,010	\$3,807,567	\$3,503,765
Operating expenses, inc. taxes	2,533,381	2,260,645	2,183,855	2,107,858	2,174,883	2,159,319
Net operating earnings	\$2,343,006	\$2,136,533	\$1,981,318	\$1,831,152	\$1,632,684	\$1,344,446
Operating ratio	51.95%	51.41%	52.43%	53.51%	57.12%	61.68%
Other income	179,655	204,793	226,100	144,446	78,070	75,082
Total income	\$2,522,661	\$2,341,326	\$2,207,418	\$1,975,597	\$1,710,754	\$1,419,528
Interest on bonds	807,000	767,553	740,053	632,000	607,000	529,060
Other interest and deductions	131,506	80,095	77,906	45,002	50,830	91,553
Net income	\$1,584,155	\$1,493,678	\$1,389,459	\$1,298,595	\$1,052,924	\$798,915
Margin of safety	63%	64%	63%	66%	62%	56%
Renewal and replacement res.	300,000	300,000	300,000	300,000	300,000	150,000
Balance	\$1,284,155	\$1,193,678	\$1,089,459	\$998,595	\$752,924	\$648,915
Preferred dividends	364,000	363,738	358,069	335,747	280,000	218,750
Surplus	\$920,155	\$829,940	\$731,390	\$662,848	\$472,924	\$430,165
Earned per share, preferred	\$24.70	\$22.96	\$20.95	\$19.58	\$18.82	\$18.54

Comparative Balance Sheet, as of Dec. 31

ASSETS:		1927	1926	LIABILITIES:		1927	1926
Plants and investments		\$24,628,349	\$24,203,078	*Preferred stock		\$5,700,000	\$5,700,000
Cash		262,647	388,411	†Common stock		5,000,000	5,000,000
Notes and loans receivable		1,377,833	1,610,011	Bonded debt		15,050,000	15,050,000
Accounts receivable		746,987	666,067	Accounts payable		119,546	78,268
Materials and supplies		585,044	484,444	Consumers' deposits		41,323	37,525
Prepaid accounts		128,616	117,163	Accrued accounts		450,048	385,518
Trust funds		1,156	972	Reserves		1,599,429	1,663,898
Bond discount and expense		1,771,197	1,831,530	Surplus		1,545,007	1,422,002
Deferred charges		3,524	35,535				
Total		\$29,505,353	\$29,337,211	Total		\$29,505,353	\$29,337,211

* In hands of public, 1926 and 1927, \$5,200,000. † Represented by 1,000,000 no par shares.

Table A—Bond Records	Interest Payable	Maturity	Authorized	Outstanding	Five Year Average Income	Interest Required Per Annum	Times Interest Earned	Security	Solability	Rating
1. Nebraska Pr. Co. 1st 5sA...	J&D	Je. 1949	Unlimited	\$9,600,000	\$2,151,551	\$480,000	3.6	Strong	Good	Aa
2. Nebraska Pr. Co. 1st 6sB...	J&D	Je. 1949	"	1,950,000	"	117,000	"	"	"	Aa
3. Nebraska Pr. Co. deb. 6sA...	M&S	S. 2022	"	3,500,000	1,554,551	210,000	2.7	Deb.	"	A

NOTE: "Times Interest Earned" on junior bonds is based on interest requirement plus interest on underlying bonds.

1. Nebraska Power Co. first gold 5s, series A:

Open Mortgage—Outstanding series A, \$9,600,000.
Dated—June 2, 1919; due June 1, 1949.
Interest Paid—J&D 1, at office of Trustee.
Trustees—Guaranty Trust Co., New York, and F. J. H. Sutton, New York.
Denomination—Coupon, \$500 and \$1,000; \$1,000 bond registerable as to principal. Registered, \$500, \$1,000 and multiples; \$1,000 bonds interchangeable.
Callable—On four weeks' notice at 105 on any interest date from June 1, 1924, to June 1, 1939; thereafter at 102½. Bonds may also be purchased or called for special fund (which see).
Special Fund—Annually beginning June 1, 1924, to 1928, inclusive, 1% of outstanding bonds; June 1, 1929, to 1948, inclusive, 1½%. This fund is to be used either (1) for extensions, etc., or (2) for the purchase of bonds of this issue. Bonds so acquired to be cancelled.
Security—First mortgage equally with \$1,950,000 Nebraska Power Co. 1st 6s of 1949, series B (No. 2), on all the property of the company, comprising a central power station of 73,000 k.w., located in Omaha, Neb., together with electric distributing system.
Purpose—Series A (\$5,600,000) issued in June, 1919 to redeem \$2,099,000 Omaha Electric Light & Power Co.

2. Nebraska Power Co. first gold 6s, series B:

Open Mortgage—Outstanding series B, \$1,950,000.
Dated—June 2, 1919; due June 1, 1949.
Interest Paid—J&D 1, at office of Trustee.
Trustees—Guaranty Trust Co., New York, and F. J. H. Sutton, New York.
Denomination—Coupon, \$500 and \$1,000; registerable as to principal and interchangeable in denominations of \$1,000.
Callable—On four weeks' notice at 105 on any interest date to and including June 1, 1935; thereafter at 102½. Bonds may also be purchased for special fund (which see). Bonds so acquired to be cancelled.
Special Fund—Annually beginning (a) June 1, 1924, to 1928, inclusive, 1% of outstanding bonds; (b) June 1,

1st 5s' of 1933; to retire approximately \$400,000 of unsecured notes, and for the discharge of other debts incurred for additions, etc., made prior to April 1, 1919 and proceeds of subsequent offerings used for improvements, etc.
Additional Bonds—May be issued at 80% of cash cost of additions, betterments, etc., provided annual net earnings for 12 months within 15 months immediately preceding are twice annual interest charge on all bonds outstanding and to be issued.

Legal—For savings banks in Maine, New Jersey and New York.

Quoted—In New York, Boston, Philadelphia, Omaha and Providence, R. I.

Tax Status—Pennsylvania 4 mills tax refunded. Company pays normal income tax up to 2%.

Offered—(\$5,600,000) at 90 in June, 1919 by Harris, Forbes & Co., New York, Harris Trust & Savings Bank, Chicago, and Coffin & Burr, Inc., Boston; (\$1,000,000) at 95 in June, 1924; (\$2,000,000) at 98½ in Feb., 1925, and (\$1,000,000) at 101½ in Oct., 1926, by Harris, Forbes & Co., New York and Harris Trust & Savings Bank, Chicago.

Price Range:	1927	1926	1925
High	104½	103	100½
Low	bid	99	97

1929, to 1948, inclusive, 1½%. This fund is to be used either (1) for extensions, etc., or (2) for the purchase and cancellation of bonds of this issue.

Security—First mortgage equally with \$9,600,000 Nebraska Power Co. 1st 5s of 1949 series A (No. 1), on all the property of the company.

Purpose—Series B issued to provide funds to reimburse company for 80% of expenditures made for additions, extensions and betterments, including the installation of 20,000 k.w. additional electric generating capacity.

Other Provisions—See series A (No. 1).

Legal—For savings banks in Maine, New Jersey and New York.

Quoted—In New York, Boston, Philadelphia, Omaha and Providence, R. I.

Tax Status—Pennsylvania 4 mills tax refunded. Company pays normal income tax up to 2%.

Offered—(\$1,600,000) at 84½ in Oct., 1920 by Harris,

3. Nebraska Power Co. gold debenture 6s, series A:

Open Indenture—Outstanding, series A, \$3,500,000.

Dated—Sept. 1, 1922; due Sept. 1, 2022. Upon liquidation or dissolution of the company, these series A bonds may become due and payable during the first 95 years at 110% and thereafter at their principal amount.

Interest Paid—M&S 1, at office of Trustee.

Trustee—United States Mortgage & Trust Co., New York.

Denomination—Coupon, \$100, \$500 and \$1,000; registerable as to principal.

Callable—On and after Sept. 1, 1947, and up to Feb. 28, 1917, at any time upon 30 days' notice at 110; thereafter at par.

Security—A direct obligation of the company but not secured by mortgage.

Additional Bonds—May be issued in series bearing such rates of interest, maturing on such dates and redeemable

Forbes & Co., New York; Harris Trust & Savings Bank, Chicago, and Coffin & Burr, Inc., Boston.

Price Range: 1927 1926 1925 1924 1923 1922
High 106 104½ 99% 103½ 93 90½
Low bid bid bid bid 87 bid

on such terms, as the company may determine prior to the issue thereof. No additional debenture bonds may be issued unless the net income applicable to interest charges for twelve consecutive calendar months within the preceding fifteen calendar months, shall have been not less than twice all annual interest charges, including interest on the debenture bonds then to be issued.

Quoted—In New York.

Tax Status—Pennsylvania 4 mills tax refunded. Company pays normal income tax up to 2%.

Offered—(\$3,500,000) at 90½ in Sept., 1922 by Bonbright & Co., Inc., W. C. Langley & Co., and Tucker, Anthony & Co., New York.

Price Range: 1927 1926 1925 1924 1923 1922
High 110 102½ 96% 86½ 86% 89½
Low 102½ 98% 90 86 84 82½

Table B—Stock Records

	Rate of Dividend	Authorized	Outstanding	Five Year Average Income	Dividend Requirement	Solability	Rating
1. Nebraska Power Co. 7% cum. 1st pfd.	7% Qn. Mr. 1	\$15,000,000	\$5,200,000	\$1,063,762	\$304,000	Fair	A
2. Nebraska Power Co. common	See text	2,000,000 sh.	1,000,000 sh.		See text	.....	Text

1. **Nebraska Power Co. 7% cum. first preferred:** Authorized, \$15,000,000 (increased from \$10,000,000 Feb. 8, 1926); outstanding, in hands of public, \$5,200,000; par \$100. Has equal preference with 6% preferred (see below) as to assets and dividends. Callable at 110 on vote of majority of common stock. Regular dividends paid quarterly, March 1, etc., to stock of record about Feb. 17, etc., since Sept. 1, 1917.

Transfer Agents: Registrar and Transfer Co., New York. United States Trust Co., Omaha, Neb. Registrars: Guaranty Trust Co., New York. First National Bank, Omaha, Neb. Quoted in New York.

Note: Nebraska Power Co. 6% cum. preferred: Authorized, \$10,000,000; none issued to June 30, 1928; par \$100. Has equal preference with 7% preferred (No. 1) as to assets and dividends. Callable at 110. Created Feb. 8, 1926.

2. **Nebraska Power Co. common:** Authorized, 2,000,000 shares; outstanding, 1,000,000 shares; no par (changed from \$100 par Feb. 8, 1926; 20 new shares issued for each \$100 share). Majority of common owned by American Power & Light Co.

PRICE RANGE: 1927 1926 1925 1924 1923
Preferred 111-107½ 106 sale 103-97 99-89 98-89

CITIZENS GAS & ELECTRIC COMPANY OF COUNCIL BLUFFS

(Controlled by Nebraska Power Co.)

History: Incorporated under the laws of New Jersey November 13, 1900. In January, 1904, absorbed the Council Bluffs Gas & Electric Co. Franchise expires 1950. Supplies the entire electric power and light service in Council Bluffs, Iowa. Population served in excess of 41,000. Purchases power from Nebraska Power Co.

Control: Controlled by Nebraska Power Co. through ownership of all of the common stock (except directors qualifying shares) and under supervision of Electric Bond & Share Co.

Management: OFFICERS: F. F. Everest, Pres., Council Bluffs, Iowa; J. E. Davidson, Vice-Pres. and Gen. Mgr., Omaha, Neb.; A. S. Grenier, Vice-Pres., New York; S. E. Schweitzer, Sec. and Treas., Omaha, Neb.; F. J. Moylan, Asst. Sec. and Asst. Treas.; H. L. Martin, Asst. Sec.; A. C. Ray, Asst. Treas. DIRECTORS: J. E. Davidson, Omaha, Neb.; T. D. Metcalf, Emmet Tinley, F. F. Everest, Pusey McGee, J. C. Jensen, Council Bluffs, Iowa. ANNUAL MEETING: Third Wednesday in October. OFFICES: Council Bluffs, Ia., and 2 Rector St., New York.

Comparative Operating Statistics, Years Ended Dec. 31

	1927	1926	1925	1924	1923	1922
Electric customers	10,916	10,775	10,973	10,642	10,199	9,556
Gas customers	8,361	8,293	7,970	7,686	7,130	6,844
Total customers	19,277	19,068	18,943	18,328	17,329	16,400
Miles of elec. distr. system	124	123	123	119	116	110
Gas gen. cap. (M cu. ft. per day)	2,800	2,800	2,800	2,800	1,000	1,000
Gas holder capacity (cu. ft.)	300,000	300,000	300,000	300,000	300,000	300,000
Artif. gas output (M cu. ft.)	262,054	258,586	257,325	230,486	217,174	209,226
Miles of gas mains	94	93	91	90	72	70

NOTE: The company buys all its electrical energy from the Nebraska Power Co.

Comparative Income Account, Years Ended Dec. 31

	1927	1926	1925	1924	1923	1922
Gross earnings	\$957,300	\$885,475	\$826,125	\$784,462	\$752,083	\$711,817
Operating exp., incl. taxes	709,989	656,288	625,828	627,157	597,998	564,281
Net operating earnings	\$247,311	\$229,187	\$200,297	\$157,305	\$154,085	\$147,536
Operating ratio	74.17%	74.12%	75.75%	79.95%	79.51%	79.27%
Other income	5,109	5,380	11,884	10,051	95	95
Total income	\$252,420	\$234,567	\$212,181	\$167,356	\$154,180	\$147,631
Interest on bonds	6,950	6,973	15,763	28,513	28,908	29,809
Other interest, etc.	83,675	80,719	68,784	32,766	14,627	10,331
Net income	\$161,795	\$146,875	\$127,634	\$106,077	\$110,645	\$107,991
Margin of safety	64%	63%	60%	63%	72%	73%
Renewal and replacement res.	40,000	40,000	40,000	30,000	30,000	30,000
Surplus	\$121,795	\$106,875	\$87,634	\$76,077	\$80,645	\$77,991

NOTE: In 1927, gross earnings were derived as follows: Electric power and light, 66%; manufactured gas, 34%.

Comparative Balance Sheet, as of Dec. 31.

ASSETS:	1927	1926	LIABILITIES:	1927	1926
Plant	\$2,504,447	\$2,379,880	Capital stock	†\$500,000	\$500,000
Cash	30,355	32,404	Bonded debt	139,000	139,000
Notes and loans receivable ..	3,205	247	*Notes and loans payable ..	1,367,000	1,332,000
Accounts receivable	139,561	148,306	Accounts payable	54,179	49,123
Materials and supplies	57,777	71,783	Customers' deposits	23,143	29,374
Prepaid accts. & def. debits ..	12,052	12,040	Accrued accounts	68,077	65,120
Trust funds & spec. deposits ..	4,200	.....	Reserves	355,069	342,645
			Surplus	245,129	187,488
Total	\$2,751,597	\$2,644,750	Total	\$2,751,597	\$2,644,750

* Due Nebraska Power Co. † Represented by 25,000 no par shares.

Bonded Debt: 1. **Council Bluffs Gas & Electric Co. first gold 5s:** Authorized, \$300,000; outstanding, \$139,000. Dated 1898; due Nov. 1, 1928. Interest paid M&N 1, at New York Trust Co., Trustee. Coupon, \$1,000. Sinking fund, \$5,000 per annum. Secured by a first mortgage on property formerly owned by Council Bluffs Gas & Electric Co. Company does not pay normal income tax. Rating, Aa

Capital Stock: 1. **Citizens Gas & Electric Co. of Council Bluffs stock:** Authorized and outstanding, 25,000 shares, no par. All, except directors' shares, owned by Nebraska Power Co.

NORTHWESTERN ELECTRIC COMPANY

(Controlled by American Power & Light Co.)

History: Incorporated under laws of Washington, July 14, 1911. Supplies electric power and light service in a large part of Portland, Ore., and in Vancouver, and Wash., and in 10 adjacent communities. Also conducts a central steam heating business in business district of Portland. Population served about 355,000.

Company's hydro-electric generating plant situated on the White Salmon River about 65 miles from Portland, is of steel and concrete construction; operates under a head of 168 feet, and has a total station capacity of 9,600 k.w. A central steam generating plant of 5,600 k.w. rated capacity is located in downtown business section of Portland, and with the high pressure steam heating and steam electric generating plant of 15,500 k.w. capacity located on the Willamette River within the city limits, gives the company a total hydro-electric and steam generating installed capacity of 34,500 k.w. Commercial operation was begun in July, 1924.

Company also owns undeveloped water rights and flowage lands within a reasonable distance of Portland, which are capable of producing a large additional amount of power. Electric light and power are also furnished in Portland by the Portland Electric Power Co.

The company was granted a 25-year franchise on Sept. 25, 1912, to furnish electric light and power; this franchise was ratified at a city election Nov. 2, 1912. The franchise provides for a maximum rate of 9 cents per k. w. hour for lighting consumption, of 2 cents per k.w.h. for arc and other municipal service, to be applied at the company's substation, and a graduated scale for power, ranging from 1 to 5 cents per k.w. hour. It also requires the payment to the city of 3% of the gross receipts and contains a clause making it optional for the city to acquire the property at expiration of the franchise.

Control: In Feb., 1925, American Power & Light Co. acquired majority of outstanding common shares; company is under supervision of Electric Bond & Share Co.

Management: OFFICERS: G. W. Talbot, Pres.; J. A. Laing, Vice-Pres.; L. T. Merwin, Vice-Pres. and Gen. Mgr., Portland, Ore.; Frank Silliman, Jr., Vice-Pres., New York; C. W. Platt, Sec. and Treas.; M. J. Wilkinson, Asst. Sec. and Asst. Treas.; J. G. Hawkins, Asst. Sec.; B. C. Stearns, Asst. Treas., Portland, Ore. TRUSTEES: G. W. Talbot, J. A. Laing, L. H. Hoffman, Portland, Ore.; M. M. Connor, Vancouver, Wash.; Herbert Fleishhacker, San Francisco. ANNUAL MEETING: Third Wednesday in March. OFFICES: Portland, Ore., and 2 Rector St., New York.

Comparative Operating Statistics, Years Ended Dec. 31

Customers:	1927	1926	1925
Electric light and power	26,226	24,429	21,432
Steam heat	593	579	563
Total	26,819	25,008	21,995
K.w. general station capacity	34,500	34,500	34,500
Electric output (M k.w.h.)	255,766	237,403	196,911
Miles of transmission lines (11,000 volts and over)	228	220	163
Miles of electric dist. system (less than 11,000 volts)	524	452	292

Comparative Income Account, Years Ended Dec. 31

	1927	1926	1925	1924	1923	1922
Gross earnings	\$3,198,333	\$2,827,282	\$2,495,464	\$2,346,865	\$2,042,925	\$1,879,068
Operating exp., taxes, etc. ..	1,805,531	1,671,627	1,433,003	1,313,497	1,076,123	1,073,229
Net earnings	\$1,392,802	\$1,155,655	\$1,062,461	\$1,033,368	\$966,802	\$805,839
Operating ratio	56.45%	59.12%	57.42%	55.97%	52.68%	57.11%
Other income	31,193	61,643	41,376	32,933	.....	.....
Total income	\$1,423,995	\$1,217,298	\$1,103,837	\$1,066,301	\$966,802	\$805,839
Bond interest	427,848	428,553	429,577	416,113	403,409	385,885
Other interest, etc.	138,721	99,016	44,336	55,749	.....	.....
Net income	\$857,426	\$689,724	\$629,924	\$594,439	\$563,393	\$419,954
Margin of safety	60%	57%	57%	56%	58%	52%
Replacement & renewal res. ..	225,000	200,000	200,000	200,000	.....	.....
Balance	\$632,426	\$489,724	\$429,924	\$394,439	.....	.....
Preferred dividends	335,773	334,236	317,790	241,380	.....	.....
Surplus	\$296,653	\$155,488	\$112,134	\$153,059	.....	.....
Earned per share, preferred ..	\$13.12	\$10.19	\$9.05	\$10.27	\$17.71	\$15.04

DESIGN DEPARTMENT (SOILS)

NOTE: ALL WATER TABLES ARE FREE WATER

COMMISSION

REPORT OF BRIDGE SOUNDINGS

LOG OF HOLE

FEET THICK	FEET DEPT	DESCRIPTION OF MATERIAL
12	65	
20	45	CINDER FILL
21	44	STIFF SILTY CLAY
22	43	FINE SAND OCC THIN CLAY
23	42	LAYERS
24	41	
25	40	
26	39	CINDER FILL
27	38	STIFF SILTY SANDY CLAY
28	37	FINE SAND OCC THIN CLAY
29	36	LAYERS
30	35	COURSE SAND
31	34	LIME STONE
32	33	
33	32	
34	31	CINDER FILL
35	30	STIFF SILTY SANDY CLAY
36	29	FINE SAND OCC THIN CLAY
37	28	LAYERS
38	27	WATER SAND HAS GAS SMELL
39	26	AND OILY SCUM
40	25	
41	24	
42	23	CRUSHED ROCK FILL
43	22	STIFF SILTY SANDY CLAY
44	21	FINE SAND OCC THIN CLAY
45	20	LAYERS
46	19	WATER MIX BOTTOM OF OLD
47	18	GASOLINE TANK AT 110
48	17	IT IS 1/2" STEEL SAND
49	16	HAS GAS SMELL AND
50	15	OILY SMELL AND SCUM
51	14	
52	13	
53	12	CINDER FILL
54	11	SOFT SILTY SANDY CLAY
55	10	STIFF SILTY CLAY
56	9	FINE SAND OCC THIN CLAY
57	8	LAYERS
58	7	WATER SAND HAS GAS SMELL
59	6	AND OILY SCUM

TYPE AND SIZE OF BRIDGE 26'4" x 11" x 71'10" 255105580 CONC.
 BRIDGE OVER RAILROAD TRACKS AT STA. 214+14 COUNTY POTTAWATOMIE
 ELEV. (STR. BED)

PROJECT U-192-1-01-40-78

DESIGN NO.

FILE NO.

BRIDGE NO.



TOWNSHIP N

RANGE W E

SECTION

DATE 10/8-10/1-16/2
 23 45 67

PAGE 3 OF 5 CHIEF OF PARTY DENNIS MOORE